

JUL - 2 2008

Attorneys for Plaintiff

CV 08

3169

) Case No.:
)
) COMPLAINT and DEMAND FOR JURY
) TRIAL

VS.

Defendant.

I. JURISDICTION

Complaint and Demand for Jury Trial - 1

1 2. The will of the decedent taxpayer, Thomas J. Gonzales, II (hereafter "decedent
2 taxpayer") was submitted for probate in the Superior Court for the County of Contra Costa on
3 January 29, 2002, a location within the Northern District of California.

4 3. The decedent taxpayer's income tax return for the tax year 2000 used decedent
5 taxpayer's address at 200 Piedmont Lane, Danville, CA 94526, a location within the Northern
6 District of California.

7 4. Defendants are the United States of America, its Department of Treasury, and its
8 agency, the Internal Revenue Service (hereafter "Defendants").

9 5. Defendants issued a statutory Notice of Deficiency, a copy of which is attached hereto
10 as Exhibit B to Exhibit 1, *infra* (hereafter "Exhibit B"), and incorporated by this reference as
11 though fully set forth herein, on December 6, 2006, to: Thomas J. Gonzales (Deceased), [sic]
12 Thomas J. Gonzales, II, Executor, [sic] 110 Mason Circle, Suite B, Concord, CA 94520-1328,
13 for the aforementioned deceased Taxpayer's 1040 tax years ended December 31, 2000 and
14 December 31, 2001.
15

16 6. Plaintiff paid \$31,478,202.00 under protest as an illegal assessment to Defendant
17 United States Treasury on or about April 13, 2007, for the tax deficiency and penalty determined
18 by Defendants in their notice of deficiency, by Merrill Lynch Official Check numbered
19 266963628, dated 4/11/2007, in the amount of \$31,478,002.00, and Personal Money Order
20 drawn on Wells Fargo Bank, numbered 0000111014, and dated 4/13/07, in the amount of
21 \$200.00, both checks totaling \$31,478,202.00. Payment was acknowledged received by the
22 Internal Revenue Service by the assignment of payment DLN: 89217-106-82800-7.
23

24 7. On or about August 17, 2007, Plaintiff filed timely tax refund claims for overpayment
25 of income tax for tax years 2000 and 2001, sent by certified mail, return receipt requested, copies

1 of which are attached hereto as Exhibit 1. Each and every statement contained in Exhibit 1 is
2 incorporated by this reference as though fully set forth herein.

3 8. Plaintiff alleges that a substantial part of the events or omissions giving rise to the
4 refund claims occurred in the Northern District of California. Venue is thus appropriately placed
5 in the Northern District of California, pursuant to 28 U.S.C. § 1391.

6 9. Approximately 10 months have elapsed since Plaintiff filed the subject refund claims.
7 Defendant's Internal Revenue Service partially disallowed Plaintiff's refund claims on June 11,
8 2008,* a copy of the aforementioned Notices of Disallowance are attached hereto as Exhibits 2
9 and 3, respectively, and incorporated by this reference as though fully set forth herein.

10 Accordingly, pursuant to 26 U.S.C. §§ 6532, 7422, the conditions precedent to commence this
11 refund action have been satisfied. Therefore, Plaintiff hereby exercises his right under 28 U.S.C.
12 § 2402 and 26 U.S.C. § 7422 to bring this civil action against the United States for the recovery
13 of an internal revenue tax erroneously assessed and collected.
14

15 10. The District Court for the Northern District of California has jurisdiction pursuant to
16 26 U.S.C. §§ 7402(a), 7422, and 28 U.S.C. §§ 1346(a)(1).

17 II. BACKGROUND

18 11. As previously alleged, on December 6, 2006, Defendants issued to Plaintiff a
19 statutory Notice of Deficiency that determined an income tax deficiency for the decedent
20 taxpayer of \$26,231,835.00 (exclusive of interest) and a penalty under 26 U.S.C. § 6662(a) of
21 \$5,246,367.00 for the tax year ended December 31, 2000, and an alleged \$2,130,142.00 decrease
22 in the decedent taxpayer's net tax loss for the tax year ended December 31, 2001, due to
23

24
25 * The Notice of Disallowance, represented by Exhibit 2, concedes that the accuracy-related penalty, pursuant to 26 U.S.C. § 6662, for 2000, in the amount of \$5,246,367.00 is inappropriate and therefore conceded by the United States of America. Thus, the amount of \$5,246,367.00, together with interest as allowed by law is to be refunded.

1 disallowed itemized deductions and a disallowed deduction for a refund of State Income Tax
2 (actually an exclusion due to no tax benefit having been received at the time the state income tax
3 deduction was claimed).

4 12. Defendant's position, as stated in the December 6, 2006, Notice of Deficiency,
5 asserted the disallowance of a capital loss in the amount of \$142,002,000.00 for the acquisition
6 and disposition of United States Treasury Bonds and a resulting net capital gain of
7 \$130,931,487.00 for tax year 2000, for the following reasons: (1) "the amount [the decedent
8 taxpayer] realized from the disposition of [his] purported interest in the U.S. Treasury bonds was
9 not less than [the decedent taxpayer's] basis in that interest;" (2) the decedent taxpayer has "not
10 established that [he is] entitled to the loss claimed under the Internal Revenue Code and
11 regulations thereunder, including but not limited to § 165 and § 465;" (3) the decedent taxpayer
12 has "not established that the transfer of [his] purported interest in the U.S. Treasury bonds was a
13 taxable transaction;" (4) "the transactions giving rise to the claimed loss are not respected for
14 federal income tax purposes because they lacked economic substance;" and (5) "the substance of
15 the underlying transactions, as opposed to the form, does not entitle you to the claimed loss."
16 (Exhibit B, first two pages of Form 886-A.)
17

18 13. Defendant's position, as stated in the December 6, 2006, Notice of Deficiency, also
19 required the disallowance of decedent taxpayer's claimed losses in 2000 for "Xing mail, Swing
20 Solutions, and Auto Parts, etc." (Exhibit B, second page of Form 886-A.)
21

22 14. Further, Defendant's position, as stated in the December 6, 2006, Notice of
23 Deficiency, also required the disallowance of decedent taxpayer's claimed 2001 carryover loss,
24 from tax year 2000, in the amount of \$11,070,513. (Exhibit B, second page of Form 886-A.)
25

1 15. Additionally, Defendant's position, as stated in the December 6, 2006, Notice of
2 Deficiency, also required the disallowance of itemized deductions in the amount of \$452,182 for
3 the tax year ended December 31, 2000, because "[a]n individual whose adjusted gross income
4 exceeds a threshold amount must reduce the amount of allowable itemized deductions by three
5 percent of the excess over the threshold amount." (Exhibit B, second and third pages of Form
6 886-A.)

7 16. Defendant's position, as stated in the December 6, 2006, Notice of Deficiency, also
8 required the disallowance of itemized deductions in the amount of \$1,986,369.00 for the tax year
9 ended December 31, 2001 because the decedent taxpayer "failed to substantiate the claimed
10 \$1,986,369 of miscellaneous expenses." (Exhibit B, second page of Form 886-A.)
11

12 17. Further, Defendant's position, as stated in the December 6, 2006, Notice of
13 Deficiency, also required the disallowance of the deduction (exclusion from income) for State
14 Income Tax of \$143,773 received during the tax year ended December 31, 2001 "due to the
15 adjustments in [that] report." (Exhibit B, third page of Form 886-A.)
16

17 18. Further, Defendant's position, as stated in the December 6, 2006, Notice of
18 Deficiency, also asserted the inapplicability of the Alternative Minimum Tax of \$78,993 for the
19 tax year ended December 31, 2000 "due to the adjustments in [that] report." (Exhibit B, third
20 page of Form 886-A.)

21 19. Finally, Defendant's position, as stated in the December 6, 2006, Notice of
22 Deficiency, that the accuracy-related penalty of \$5,246,367 should be imposed because "the
23 underpayment of tax required to be showed [*sic*] on the returns for the taxable year 2000 is
24 attributable to negligence or disregard of rules and regulations and is a substantial
25

1 understatement of tax.” (Exhibit B, third page of Form 886-A.) The assertion of the
2 aforementioned accuracy-related penalty is now subject to Defendant’s concession as stated in
3 Exhibit 2, resulting in an overpayment and refund of \$5,246,367.00, together with interest as
4 allowed by law.

5 III. CAUSES OF ACTION

6 A. THE SPECIFIC ALLEGATIONS OF THE NOTICE OF DEFICIENCY ARE 7 NOT VALID AGAINST PLAINTIFF

8 20. Plaintiff contests the validity of the Notice of Deficiency and each and every item
9 contained therein proposing to make adjustments to decedent taxpayer’s tax benefits and increase
10 his tax liability, in any amount, for his tax year ended December 31, 2000 or decrease his
11 claimed tax losses for 2001, based upon each and every statement contained in Exhibit 1,
12 previously incorporated by reference as though fully set forth herein, and summarized as follows:

13 21. It is error for Defendants to disallow a capital loss in the amount of \$142,002,000.00,
14 or any other amount, for the taxable year 2000, for the following alleged reasons: (1) “the
15 amount [the decedent taxpayer] realized from the disposition of [his] purported interest in the
16 U.S. Treasury bonds was not less than [the decedent taxpayer’s] basis in that interest;” (2) the
17 decedent taxpayer has “not established that [he is] entitled to the loss claimed under the Internal
18 Revenue Code and regulations thereunder, including but not limited to § 165 and § 465;” (3) the
19 decedent taxpayer has “not established that the transfer of [his] purported interest in the U.S.
20 Treasury bonds was a taxable transaction;” (4) “the transactions giving rise to the claimed loss
21 are not respected for federal income tax purposes because they lacked economic substance;” and
22 (5) “the substance of the underlying transactions, as opposed to the form, does not entitle you to
23 the claimed loss.”
24
25

1 22. It is error for Defendants to disallow itemized deductions in the amount of
2 \$1,986,369.00, or any other amount, for the taxable year 2000, for any reason.

3 23. It is error for Defendants to disallow the deduction (exclusion from gross income
4 insofar as decedent taxpayer did not previously receive any tax benefit from the claimed
5 deduction) for State Income Tax Refund of \$143,773, or any other amount, for the taxable year
6 2000, for any reason.

7 24. It is error for Defendants to not apply the Alternative Minimum Tax of \$78,993, or
8 any other amount, for the taxable year 2000, for any reason.

9 25. It is error, arbitrary and capricious for Defendants to determine and impose an
10 accuracy-related penalty for an alleged substantial underpayment of tax.

11 26. Since the issuance of the Notice of Deficiency, Defendants have acknowledged and
12 conceded that the determination and imposition of an accuracy-related penalty is inappropriate in
13 this case in its partial disallowance of Plaintiff's claim for refund, a copy of which is attached
14 hereto as Exhibit 2 and previously incorporated by reference as though fully set forth herein.
15 Consequently, Plaintiff is due a refund of \$5,246,367.00, together with interest as allowed by
16 law.
17

18 27. Decedent taxpayer timely filed his individual tax return for the tax years ended
19 December 31, 2000 and December 31, 2001, reporting basis or adjusted basis and amount
20 realized in all assets set forth on their respective tax returns at the correct valuation, supportable
21 by economic substance and reality, pursuant to the relevant provisions of the Internal Revenue
22 Code, Treasury Regulations and Rulings thereunder.

23 28. Decedent taxpayer did not understate his individual tax liability for the tax years
24 ended December 31, 2000 and December 31, 2001.
25

1 29. Decedent taxpayer, in filing his individual tax return for the tax years ended
2 December 31, 2000 and December 31, 2001, made every reasonable attempt to comply with the
3 provisions of the Internal Revenue Code, and applicable Treasury Regulations and Rulings.
4 Decedent taxpayer did not disregard in any manner any of the provisions of the Internal Revenue
5 Code, nor any applicable Treasury Regulations or Rulings.

6 30. Decedent taxpayer, in filing his individual tax return for the tax years ended
7 December 31, 2000 and December 31, 2001, did not understate his individual tax liability, and
8 instead reported and adequately disclosed all items on his income tax return pursuant to
9 substantial authority, reasonably believing that the positions taken on his tax return were more
10 likely than not the correct treatment of the transactions. Further, decedent taxpayer's adequate
11 disclosure of all items was based on a reasonable basis consistent with substantial authority and
12 pursuant to relevant provisions of the Internal Revenue Code, and applicable Treasury
13 Regulations and Rulings.

14 31. It is an error for Defendants to determine a deficiency against decedent taxpayer's
15 estate for the taxable year 2000 in the amount of \$26,231,835.00, or any other amount.

17 B. DECEDENT TAXPAYER'S AMOUNT REALIZED FROM THE
18 DISPOSITION OF HIS INTEREST IN THE UNITED STATES TREASURY
19 BONDS WAS \$142,002,000 LESS THAN HIS BASIS IN THAT INTEREST

20 32. Pursuant to 26 U.S.C. § 1273(b)(3)(B) and Treasury Regulation § 1.1012-1(g)(1),
21 Decedent taxpayer's basis in the United States Treasury Bonds equaled the fair market value of
22 the subject Treasury Bonds.

23 33. The fair market value of the subject United States Treasury Bonds on December 8,
24 2000, at the time decedent taxpayer purchased the bonds was approximately \$372,000,000.

1 34. Pursuant to 26 U.S.C. §1001, *Crane v. Commissioner*, 331 U.S. 1 (1947), and other
2 relevant statutory and case law, decedent taxpayer's amount realized from his disposition of the
3 Treasury Bonds equaled the sum of the value of the Preferred Stock received and the face
4 amount of the Note.

5 C. DECEDENT TAXPAYER IS ENTITLED TO THE TAX YEAR 2000 SHORT
6 TERM CAPITAL LOSS CLAIMED ON HIS 2000 PERSONAL INCOME TAX
7 RETURN UNDER THE INTERNAL REVENUE CODE AND THE
8 TREASURY REGULATIONS PROMULGATED THEREUNDER

9 35. The Internal Revenue Service, as provided by Exhibit B, line item 1.a. on Form
10 4549A-Capital Gain or Loss, disallowed decedent taxpayer's claimed capital loss in the amount of
11 \$142,002,000. This disallowance resulted in an alleged net capital gain in the amount of
12 \$130,928,478, rather than the net capital loss of (\$3,000) claimed on the taxpayer's Form 1040
13 for the 2000 tax year. In support of his position that \$31,478,202.00, or such other amount as
14 may be appropriate, together with interest as allowed by law, should be refunded, the
15 aforementioned taxpayer submits that he is entitled to the claimed loss of \$142,002,000, resulting
16 from the acquisition and disposition of U.S. Treasury Bonds and other related financial
17 instruments. The justification for the decedent taxpayer's entitlement to such tax treatment are
18 as follows:

19 36. The facts, circumstances and law support the claimed loss, since the amount realized
20 pursuant to 26 U.S.C. § 1001, Treasury Regulation, § 1.1001-2(a), and relevant case law, was
21 less than the taxpayer's actual basis, including the relief of liabilities, as recognized in fact, at
22 law, and in equity, all in accordance with existing law, regulations, rulings, judicial and other
23 authority.

24 37. The taxpayer entered into a for profit transaction wherein he acquired U.S. Treasury
25 Bonds, which paid interest at an above-market rate. In exchange for the U.S. Treasury Bonds,

1 the taxpayer issued a note with a face amount that was essentially equal to the face amount of the
2 Treasury Bonds, and which paid a nearly identical interest rate to the rate paid by the Bonds.
3 Accordingly, because the fair market value of the bonds was greater than the face amount of the
4 bond, the note was issued at a premium.

5 38. Pursuant to 26 U.S.C. § 1273(b)(3) and the relevant Treasury Regulations, the issue
6 price of debt issued for property that trades on a market, like Treasury Bonds, is the fair market
7 value of the property (Treasury Bonds in this case). Under Treasury Regulation, § 1.1012-
8 1(g)(1), the basis of the Treasury Bonds acquired by the taxpayer was equal to the issue price of
9 the debt issued by the taxpayer – in other words, the Treasury Bonds had a basis to the Taxpayer
10 equal to the fair market value of the Treasury Bonds at the time acquired. The Internal Revenue
11 Service did not challenge this fact in its Notice of Deficiency (Exhibit B).

12 39. When the taxpayer transferred the Treasury Bonds, the debt owed by the taxpayer
13 was assumed by the buyer of the Treasury Bonds. In accordance with applicable case law,
14 regulations and rulings, the taxpayer included in his amount realized from the sale of the
15 Treasury Bonds, the face of amount of the Note (*See, e.g., Crane v. Commissioner, supra*, 331
16 U.S. 1 (1947)). The Internal Revenue Service determined in the Notice of Deficiency that 26
17 U.S.C. § 1273(b)(3) and Treasury Regulation, § 1.1275-1(b) required that the amount realized
18 include the adjusted issue price of the debt in question, not the face amount of the debt. In fact,
19 however, 26 U.S.C. § 1273(b)(3) is silent regarding the amount realized from the transfer of
20 property. Similarly, Treasury Regulation, § 1.1275-1(b) is silent regarding the amount realized
21 from the transfer of property. Thus, there is no requirement that the amount realized include the
22 adjusted issue price of the debt, rather than the face amount of the debt. Consequently, the
23 position of Defendant's Internal Revenue Service is erroneous, arbitrary, capricious and contrary
24
25

1 to the law. Further, the position of the Internal Revenue Service as stated in Exhibit B is
2 unjustified and indefensible.

3 40. As a result, Taxpayer realized a loss in the amount claimed, upon disposition of the
4 Taxpayer's interest in the subject United States Treasury Bonds and other related financial
5 instruments because the amount realized was \$142,002,000 less than Taxpayer's basis in the
6 subject United States Treasury Bonds.

7 41. Taxpayer is entitled to the claimed loss of \$142,002,000, in general, pursuant to the
8 relevant Internal Revenue Code provisions, regulations, rulings and other authority; including the
9 provisions of 26 U.S.C. § 165, and the provisions of 26 U.S.C. § 465.

10 C. THE SUBJECT TRANSACTIONS WERE TAXABLE EVENTS

11 42. The subject transactions relating to the transfer of taxpayer's interest in the United
12 States Treasury Bonds and other related financial instruments are taxable transactions, pursuant
13 to the relevant provisions of the Internal Revenue Code, regulations, rulings, case and other
14 authority thereunder.

15 43. The Preferred Stock in Bayside Diversification Fund received by decedent taxpayer
16 in exchange for the United States Treasury Bonds and accompanying note constituted
17 Nonqualified Preferred Stock under 26 U.S.C. § 351. Therefore, the transfer of the Treasury
18 Bonds to Bayside in exchange for the Preferred Stock constituted a taxable event.

19 D. THE SUBJECT TRANSACTIONS HAD ECONOMIC SUBSTANCE

20 44. The taxpayer entered into a for profit transaction wherein he acquired U.S. Treasury
21 Bonds, which paid interest at an above-market rate. In exchange for the U.S. Treasury Bonds,
22 the taxpayer issued a note whose face amount was essentially equal to the face amount of the
23 Treasury Bonds, and which paid a nearly identical interest rate to the rate paid by the Bonds.
24
25

1 Accordingly, because the fair market value of the bonds was greater than the face amount of the
2 bonds, the note was issued at a premium.

3 45. Taxpayer entered into the subject transactions with a profit motive involving
4 transactions having economic substance, which transactions were at risk to market conditions.

5 46. The form of the subject transactions is consistent with their substance; and the
6 subject transactions, in form and substance, were subject to economic risk of profit and loss,
7 depending upon the market movement of interest rates, resulting in substantive economic
8 consequences, as a matter of fact and law.

9 47. Taxpayer, as a matter of fact and law, is entitled to the claimed losses for Xing mail,
10 Swing Solutions, and Auto Parts, etc., all of which have or can be established in compliance with
11 the relevant provisions of the Internal Revenue Code, regulations, rulings, cases and other
12 authority thereunder.

13 48. Taxpayer is entitled to the claimed 2001 carryover loss, from tax year 2000, in the
14 amount of \$11,070,513, or any other amount, as a matter of fact and law. The aforementioned
15 \$11,070,513 adjustment is arbitrary, capricious and erroneous as a matter of fact and law and
16 should be reversed, and taxpayer should be allowed the \$11,070,513 carryover loss claimed on
17 the 2001 tax return.

18 49. The adjustments made by the Internal Revenue Service with respect to taxpayer's
19 itemized deductions for tax years 2000 and 2001, as described above, are arbitrary, capricious
20 and erroneous, as taxpayer has or can substantiate all deductions as being in accordance with the
21 relevant provisions of the Internal Revenue Code, regulations, rulings, cases and other authority
22 thereunder. Further, regarding tax year 2001, taxpayer has or can substantiate the claimed
23 \$1,986,369 of miscellaneous expenses as being deductible in accordance with the relevant
24
25

1 provisions of the Internal Revenue Code, regulations, rulings, cases and other authority
2 thereunder.

3 50. Taxpayer acknowledges the three percent limitation provided by the Internal
4 Revenue Code, 26 U.S.C. § 68, but states that the 2000 and 2001 thresholds have been satisfied,
5 and are not operative if the adjustments proposed in Exhibit B are not valid.

6 51. The deduction claimed for State Income Tax Refund on Taxpayer's 2001 tax return
7 is applicable and allowable as claimed, since the proposed adjustments contained in Exhibit B
8 are arbitrary, capricious, erroneous, null and void. Further, the reduction or exclusion of the
9 \$143,773 State Income Tax Refund is appropriate, as no tax benefit had been received from
10 claiming state tax payments as a deduction at the time of payment. Consequently, the
11 aforementioned refund is properly excluded from 2001 taxable income, as there had been no
12 prior tax benefit during the tax year of payment and claimed deduction.
13

14 52. Taxpayer states that the Form 1040 for tax year 2000 is correct as filed. The
15 proposed adjustments contained in Exhibit B are arbitrary, capricious, erroneous, null and void.
16 Consequently, the Alternative Minimum Tax of \$78,993 as reported for 2000 is correct.

17 53. Taxpayer entered into the subject United States Treasury Bond transactions in good
18 faith, with a bona fide profit motive, pursuant to the advice and reliance upon qualified
19 professional advisors and counselors. Taxpayer believed in good faith that the transactions
20 complied with all laws, never intending in any manner to disregard the professional advice of his
21 advisors and counselors, nor in any manner to disobey the law, or violate a known legal duty.

22 WHEREFORE, Plaintiff prays relief that this Court Order and Adjudge as follows:

- 23 1. Defendant's Internal Revenue Service be ordered and adjudged to rescind the subject
24 Notice of Deficiency (Exhibit B), pursuant to 26 U.S.C. § 6212(d).
25

- 1 2. The subject Notice of Deficiency (Exhibit B) be ordered and adjudged invalid, null
2 and void.
- 3 3. Plaintiff be refunded \$26,231,835.00, plus interest, or any other amount as allowed by
4 law, for tax, assessed interest, and penalties, together with interest as allowed by law.
- 5 4. Defendant be Ordered, if not previously refunded, to refund the amount of
6 \$5,246,367.00, together with interest as allowed by law, representing the value of the
7 accuracy-related penalty (26 U.S.C. § 6662) for the 2000 tax year conceded by
8 Defendant's Internal Revenue Service in its Notice of Partial Disallowance dated
9 June 11, 2008, represented by Exhibit 2.
- 10 5. Defendant's Internal Revenue Service be ordered, adjudged, enjoined, restrained and
11 prohibited from taking any assessment, collection or other action directly or indirectly
12 derived from, or based on the proposed adjustments contained in the subject Notice of
13 Deficiency (Exhibit B).
- 14 6. Plaintiff is entitled to recover costs, attorneys' fees and such other and further relief
15 as may be appropriate.
- 16

17 IV. DEMAND FOR TRIAL BY JURY

18 Pursuant to Rule 38, Federal Rules of Civil Procedure, Plaintiff requests trial by jury.

19
20 Respectfully submitted,

21
22 Dated: 30 June 2008

MARTIN A. SCHAINBAUM
A Professional Law Corporation

23
24 By 
25 MARTIN A. SCHAINBAUM

Exhibit 1

WWW.TAXWARRIOR.COM

MARTIN A. SCHAINBAUM
A PROFESSIONAL LAW CORPORATION
351 CALIFORNIA STREET, SUITE 800
SAN FRANCISCO, CA 94104-2406
TELEPHONE (415) 777-1040

FACSIMILE (415) 981-1065

August 17, 2007

CERTIFIED MAIL, RETURN RECEIPT REQUESTED
Certified Mail No. 7007 0220 0003 1855 4435

Internal Revenue Service
Fresno Service Center
Fresno, CA 93888

Re: Thomas J. Gonzales II (Deceased)
Tom Gonzales, Executor/Trustee
134 Lake Boulevard
Dayton, NV 89403
TIN: 545-13-6755

ENCLOSED REFUND CLAIMS:

I. TAX YEAR 200012

Form 1040

Refund Requested: \$31,478,202, or such other
amount as may be appropriate, together with
interest as allowed by law

II. TAX YEAR 200112

Form 1040

Refund Requested Based on Net Operating Loss Carryback to
199612 and Carryforward to 199712, 199812, 199912, and
200012

To Whom It May Concern:

Enclosed please find refund claims on behalf of Taxpayer Thomas J. Gonzales, II (deceased) for
the tax years 2000 and 2001.

The 2000 Refund Claim

The enclosed refund claim for the tax year 2000 consists of Form 1040X, an attached Refund
Claim document, and Exhibits A-1 through D-2, inclusive. This refund claim requests a refund
in the amount of \$31,478,202.00, or such other amount as may be appropriate, together with
interest as allowed by law, based upon the payment of this amount made to the Internal Revenue
Service on or about April 13, 2007. Payment was acknowledged received by the Internal
Revenue Service by the assignment of payment DLN: 89217-106-82-800-7.

Internal Revenue Service
Re: Thomas J. Gonzales, II (deceased)
TIN: 545-13-6755
August 17, 2007, Page 2 of 3

The 2001 Net Operating Loss Carryback Refund Claim

The enclosed refund claim for tax year 2001 is based on a net operating loss arising in 200112, carried back to 199612, and carried forward to 199712, 199812, 199912, and 200012. The enclosed refund claim consists of the following:

1. Amended federal individual income tax return (Form 1040X) for 1998, reflecting the carryback and carryforward of the 2001 net operating loss. Refund requested is \$13,624, or such other amount as may be appropriate, together with interest as allowed by law.
2. Amended federal individual income tax return (Form 1040X) for 1999, reflecting the carryback and carryforward of the 2001 net operating loss. Refund requested is \$60,596, or such other amount as may be approximate, together with interest as allowed by law.
3. Amended federal individual income tax return (Form 1040X) for 2000, reflecting the carryback and carryforward of the 2001 net operating loss. In addition to the \$31,478,202.00 refund request described above, Taxpayer requests an additional refund of \$166,198, or such other amount as may be appropriate, together with interest as allowed by law, based on the 2001 net operating loss carryback and carryforward to 2000.

It is believed that the carryback of the 2001 net operating loss is to be carried back pursuant to a five-year carryback, i.e., first to 1996, then carried forward to each succeeding year until absorbed. At present, the Taxpayer is not in possession of the 1996 and 1997 individual tax returns, and no Forms 1040X are enclosed for these years. However, based on information provided by the Taxpayer's certified public accountant, it is believed that the net operating loss for 2001 is sufficient in amount to offset all taxable income reported during the entire period encompassing the 1996 through 2000 tax years. Thus, the carryback calculations and Forms 1040X for 1996 and 1997 will be determined and provided during the refund examination process.

Please acknowledge receipt of this letter and the enclosed items by affixing to the enclosed copy of this letter the Service's date received stamp, and returning the duly acknowledged copy of this letter in the enclosed postage paid envelope.

Internal Revenue Service

Re: Thomas J. Gonzales, II (deceased)

TIN: 545-13-6755

August 17, 2007, Page 3 of 3

Thank you for your courtesy and cooperation in this matter.

Sincerely,

MARTIN A. SCHAINBAUM
A Professional Law Corporation

By Martin A. Schainbaum
MARTIN A. SCHAINBAUM

cc: Tom Gonzales, c/o George Reinhardt
Steve Smith, CPA

RECEIVED (THOMAS J. GONZALES) 12/04/01
 1040X

Department of the Treasury - Internal Revenue Service

Amended U.S. Individual Income Tax Return

OMB No. 1545-0091

(Rev. November 2000)

This return is for calendar year **2000**

See separate instructions.

or fiscal year ended

PLEASE PRINT

THOMAS J. GONZALES

Last name

Your social security number

545-13-6755

Home address (no. and street) or P.O. box if mail is not delivered to your home

134 LAKES BLVD

Last name

Apt. no.

Phone number

925 941-6014

DAYTON, NV 89403

For Paperwork Reduction Act Notice, see page 6.

- A If the name or address shown above is different from that shown on the original return, check here
- B Has the original return been changed or audited by the IRS or have you been notified that it will be?
- C Filing status. Be sure to complete this line. **Note:** You cannot change from joint to separate returns after the due date.
- On original return ☒ Single ☐ Married filing joint return ☐ Married filing separate return ☐ Head of household ☐ Qualifying widow(er)
- On this return ☒ Single ☐ Married filing joint return ☐ Married filing separate return ☐ Head of household ☐ Qualifying widow(er)
- If the qualifying person is a child but not your dependent, see page 2.

Use Part II on the Back to Explain any Changes

Income and Deductions (see pages 2-6)

	A. Original amount or as previously adjusted (see page 2)	B. Net change - amount of increase or (decrease) - explain in Part II	C. Correct amount
1 Adjusted gross income (see page 3)	131,550,410	-130931487	618,923
2 Itemized deductions or standard deduction (see page 3)	9,097	452,182	461,279
3 Subtract line 2 from line 1	131,541,313	-131383669	157,644
4 Exemptions. If changing, fill in Parts I and II on the back			
5 Taxable income. Subtract line 4 from line 3	131,541,313	-131383669	157,644
6 Tax (see page 4). Method used in col. C <u>TAX RATE SCH.</u>	26,406,046	-26,231,835	174,211
7 Credits (see page 4)	26,406,046	-26,231,835	174,211
8 Subtract line 7 from line 6. Enter the result but not less than zero	26,406,046	-26,231,835	174,211
9 Other taxes (see page 4)			
10 Total tax. Add lines 8 and 9	26,406,046	-26,231,835	174,211
11 Federal income tax withheld and excess social security and RRTA tax withheld. If changing, see page 5			
12 Estimated tax payments, including amt applied from prior year's return	57,307		57,307
13 Earned income credit (EIC)			
14 Additional child tax credit from Form 8812			
15 Credits from Form 2439 or Form 4136			
16 Amount paid with request for extension of time to file (see page 5)			
17 Amount of tax paid with original return plus additional tax paid after it was filed			
18 Total payments. Add lines 11 through 17 in column C			846,000
19 Overpayment, if any, as shown on original return or as previously adjusted by the IRS			31,478,202
20 Subtract line 19 from line 18 (see page 5)			32,381,509
21 Amount you owe. If line 10, column C, is more than line 20, enter the difference and see page 5			729,096
22 If line 10, column C, is less than line 20, enter the difference			31,652,413
23 Amount of line 22 you want refunded to you			31,478,202
24 Amount of line 22 you want applied to your estimated tax			31,478,202

Refund or Amount You Owe

Sign Here

Joint return? See page 2. Keep a copy for your records.

Under penalties of perjury, I declare that I have filed an original return and that I have examined this amended return, including accompanying schedules and statements, and to the best of my knowledge and belief, this amended return is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which the preparer has any knowledge.

Your signature

Date

8-10-07

Spouse's signature, if a joint return, both must sign.

Date

Paid Preparer's Use Only

Preparer's signature

STEVEN P. SMITH

Date

Check if self-employed

Preparer's SSN or PTIN

COMYNS, SMITH, MCCLEARY & DEAV

573-90-7124

3470 MT. DIABLO BLVD. #A110

EIN 68-0307221

LAFAYETTE, CA 94549

Phone no. (925) 299-1040

Form 1040X (Rev. 11-2000)

NOTE: AS ADJUSTED TO REFLECT REFUND CLAIM DATED

Form 1040X (Rev. 11-2000) THOMAS J. GONZALES

545-13-6755 Page 2

Part I**Exemptions.**

See Form 1040 or 1040A instructions.
 If you are **not changing your exemptions**, do not complete this part.
 If claiming **more exemptions**, complete lines 25-31.
 If claiming **fewer exemptions**, complete lines 25-30.

- 25 Yourself and spouse
Caution. If your parents (or someone else) can claim you as a dependent (even if they chose not to), you cannot claim an exemption for yourself.
 26 Your dependent children who lived with you
 27 Your dependent children who did not live with you due to divorce/separation
 28 Other dependents
 29 Total number of exemptions. Add lines 25 through 28
 30 Multiply the number of exemptions claimed on line 29 by the amount listed below for the tax year you are amending. Enter the result here and on line 4.

Tax year	Exemption amount	But see the instructions for line 4 on page 3 if the amount on line 1 is over:
2000	\$2,800	\$96,700
1999	2,750	94,975
1998	2,700	93,400
1997	2,650	90,900

A. Original number of exemptions reported or as previously adjusted

B. Net change

C. Correct number of exemptions

25

26

27

28

29

30

- 31 Dependents (children and other) not claimed on original (or adjusted) return:
Note: For tax years after 1997, do not complete column (e) below. For tax year 1997, do not complete column (d) below.

(a) First Name	Last Name	(b) Dependent's social security number	(c) Dependent's relationship to you	(d) Check if qualifying child for child tax credit (see page 5)	(e) No. of months lived in your home
				<input type="checkbox"/>	
				<input type="checkbox"/>	
				<input type="checkbox"/>	
				<input type="checkbox"/>	
				<input type="checkbox"/>	
				<input type="checkbox"/>	
				<input type="checkbox"/>	
				<input type="checkbox"/>	
				<input type="checkbox"/>	

No. of your children on line 31 who:

☐ lived with you

☐ did not live with you due to divorce or separation (see page 5)

Dependents on line 31 not entered above

Part II**Explanation of Changes to Income, Deductions, and Credits**

Enter the line number from the front of the form for each item you are changing and give the reason for each change. Attach only the supporting forms and schedules for the items changed. If you do not attach the required information, your Form 1040X may be returned. Be sure to include your name and social security number on any attachments.

If the change relates to a net operating loss carryback or a general business credit carryback, attach the schedule or form that shows the year in which the loss or credit occurred. See page 2 of the instructions. Also, check here ☐

SEE ATTACHED STATEMENT INCORPORATED BY THIS REFERENCE AS THOUGH FULLY SET FORTH HEREIN. ☐

Part III Presidential Election Campaign Fund.

Checking below will not increase your tax or reduce your refund.
 If you did not previously want \$3 to go to the fund but now want to, check here ☐

If you did not previously want \$3 to go to the fund but now wants to, check here ☐

11/17/00

Form 1040X (Rev. 11-2000)

DECEASED: THOMAS J. GONZALES 12/04/01
 Department of the Treasury - Internal Revenue Service
U.S. Individual Income Tax Return 2000

Label

(See instructions on page 19.)

Use the IRS label. Otherwise, please print or type.

For the year Jan. 1 - Dec. 31, 2000, or other tax year beginning (99) 2000, ending 20

OMB No. 1545-0074

Your first name and initial: **THOMAS J. GONZALES** Last name: **GONZALES**

If a joint return, spouse's first name and initial: Last name:

Home address (number and street). If you have a P.O. box, see page 19.
134 LAKES BLVD Apt. no.:

City, town or post office, state, and ZIP code. If you have a foreign address, see page 19.
DAYTON, NV 89403

Your social security number: **545-13-6755**

Spouse's social security number:

▲ IMPORTANT! You must enter your SSN(s) above. ▲

Presidential Election Campaign
 (See page 19.)

Note. Checking "Yes" will not change your tax or reduce your refund.
 Do you, or your spouse if filing a joint return, want \$3 to go to this fund? ☒ Yes ☐ No

Filing Status

Check only one box.

- 1 ☒ **Single**
- 2 ☐ **Married filing joint return (even if only one had income)**
- 3 ☐ **Married filing separate return. Enter spouse's soc. sec. no. above & full name here**
- 4 ☐ **Head of household (with qualifying person). (See page 19.) If the qualifying person is a child but not your dependent, enter this child's name here**
- 5 ☐ **Qualifying widow(er) with dependent child (year spouse died**

You ☐ Yes ☒ No Spouse ☐ Yes ☐ No

Exemptions

- 6a ☒ **Yourself.** If your parent (or someone else) can claim you as a dependent on his or her tax return, do not check box 6a.
- b ☐ **Spouse**

c Dependents:		(2) Dependent's social security number	(3) Dependent's relationship to you	(4) Chk if qualifying child for child tax credit (see page 20)	No. of boxes checked on 6a and 6b
(1) First Name	Last name				
					1

No. of your children on 6c who:

● lived with you

● did not live with you due to divorce or separation (see page 20)

Dependents on 6c not entered above

Add numbers entered on lines above **1**

If more than six dependents, see page 20.

Income

Attach Forms W-2 and W-2G here. Also attach Form 1099-R if tax was withheld.

If you did not get a W-2, see page 21.

Enclose, but do not attach any payment. Also, please use Form 1040-V.

d Total number of exemptions claimed **1**

7 Wages, salaries, tips, etc. Attach Form(s) W-2 **207,545**

8a Taxable interest. Attach Schedule B if required **720,233**

b Tax-exempt interest. Do not include on line 8a. **8b**

9 Ordinary dividends. Attach Schedule B if required **708,509**

10 Taxable refunds, credits, or offsets of state and local income taxes (see page 22) **3,931**

11 Alimony received

12 Business income or (loss). Attach Schedule C or C-EZ

13 Capital gain or (loss). Attach Schedule D if required. If not required, check here ☐

14 Other gains or (losses). Attach Form 4797

15a Total IRA distributions **15a**

16a Total pensions and annuities **16a**

b Taxable amount (see pg. 23)

17 Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E **17 -919,016**

b Taxable amount (see pg. 23)

18 Farm income or (loss). Attach Schedule F

19 Unemployment compensation

20a Social security benefits **20a**

b Taxable amount (see pg. 25)

21 Other income. SEE STATEMENT 2

22 Add the amounts in the far right column for lines 7 through 21. This is your total income **618,923**

23 IRA deduction (see page 27)

24 Student loan interest deduction (see page 27)

25 Medical savings account deduction. Attach Form 8853

26 Moving expenses. Attach Form 3903

27 One-half of self-employment tax. Attach Schedule SE

28 Self-employed health insurance deduction (see page 29)

29 Self-employed SEP, SIMPLE, and qualified plans

30 Penalty on early withdrawal of savings

31a Alimony paid. b Recipient's SSN

32 Add lines 23 through 31a

33 Subtract line 32 from line 22. This is your adjusted gross income **0**

Adjusted Gross Income

For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see page 58.

1FOUS1 11/07/00

Form 1040 (2000)

SCHEDULES A&B
(Form 1040)

Department of the Treasury
Internal Revenue Service (99)

Name(s) shown on Form 1040

Schedule A – Itemized Deductions

▶ **Attach to Form 1040.**

▶ See Instructions for Schedules A and B (Form 1040).

OMB No. 1545-0074

2000

Attachment Sequence No. 07

Your social security number

545-13-6755

THOMAS J. GONZALES

Medical and Dental Expenses

Caution. Do not include expenses reimbursed or paid by others.

- 1 Medical and dental expenses (see page A-2)
2 Enter amount from Form 1040, line 34 **2**
3 Multiply line 2 above by 7.5% (.075)
4 Subtract line 3 from line 1. If line 3 is more than line 1, enter -0-
5 Special use valuation **0**

Taxes You Paid

(See
page A-2)

- 5 State and local income taxes
6 Real estate taxes (see page A-2)
7 Personal property taxes
8 Other taxes. List type and amount

- 9 Add lines 5 through 8

Interest
You Paid

(See
page A-3.)

- 10 Home mortgage interest and points reported on Form 1098
- 11 Home mortgage interest not reported to you on Form 1098. If paid to the person from whom you bought the home, see page A-3 & show that person's name, ID no. & address

Note.
Personal
interest is
not
deductible

- 12 Points not reported to you on Form 1098. See pg. A-3 STMT. 3.
- 13 Investment interest. Attach Form 4952, if required.
(See page A-3.)
- 14 Add lines 10 through 13

Gifts to

made a
d got a
it for it.
see page A-1

- 15 Gifts by cash or check. If any gift of \$250 or more, see pg. A-4 ST. 4.
16 Other than by cash or check. If any gift of \$250 or more, see page A-4.
You must attach Form 8283 if over \$500
17 Carryover from prior year
18 Add lines 15 through 17

Casualty and Theft Losses

- 19 Casualty or theft loss(es). Attach Form 4684.
(See page A-5.)

**Job Expenses
and Most Other
Miscellaneous
Deductions**

- 20 Unreimbursed employee expenses - job travel, union dues, job education,
etc. You must attach Form 2106 or 2106-EZ if required. (See page A-5.)
Form 2106 (TAXPAYER) 442,870

(See
page A-5 for
expenses to
deduct here.)

- | | | | |
|----|--|----|---------|
| 21 | Tax preparation fees | | |
| 22 | Other expenses - investment, safe deposit box, etc. List type and amount | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| 23 | Add lines 20 through 22 | | |
| 24 | Enter amount from Form 1040, line 34 | 24 | 618,923 |
| 25 | Multiply line 24 above by 2% (.02) | | |
| 26 | Subtract line 25 from line 23. If line 25 is more than line 23, enter zero | | |

Other
Miscellaneous
Deductions

- 28 Is Form 1040, line 34, over \$128,950 (over \$64,475 if married filing separately)?
- ☐ **No.** Your deduction is not limited. Add the amounts in the far right column for lines 4 through 27. Also, enter this amount on Form 1040, line 36.
- ☒ **Yes.** Your deduction may be limited. See page A-6 for the amount to enter.

REDUCTION
-14.699

KFA For Paperwork Reduction Act Notice, see Form 1040 Instructions.

IF0US2 11/03/00

Schedule A (Form 1040) 2000

Schedule B (Form 1040) 2000

Name(s) shown on Form 1040. Do not enter name and social security number if shown on other side.

THOMAS J. GONZALES

OMB No. 1545-0074

Page 2

Your social security number

545-13-6755

Schedule B - Interest and Ordinary Dividends

Attachment
Sequence No. 08Part I
Interest

Note. If you had over \$400 in taxable interest, you must also complete Part III.

(See page B-1
and the
instructions for
Form 1040,
line 8a.)Note. If you
received a Form
1099-INT, Form
1099-OID, or
substitute
statement from
a brokerage firm,
list the firm's
name as the
payer and enter
the total interest
shown on that
form.

- 1 List name of payer. If any interest is from a seller-financed mortgage and the buyer used the property as a personal residence, see page B-1 and list this interest first. Also, show that buyer's social security number and address ▶

MT DIABLO NAT'L BANK
WELLS FARGO
ML
ML
BLACKSTONE REALTY INVESTORS, LLC
SHAMWARI MOTOR YACHT LTD
NEW WORLD, LLC
THOMAS J. GONZALES INVESTMENT CORP

Amount

295

12

593,544

7,159

30

3,571

9,033

106,589

- 2 Add the amounts on line 1. 2 720,233
- 3 Excludable interest on series EE and U.S. savings bonds issued after 1989 from Form 8815, line 14. You must attach Form 8815. 3
- 4 Subtract line 3 from line 2. Enter the result here and on Form 1040, line 8a. 4 720,233

Note. If you had over \$400 in ordinary dividends, you must also complete Part III.

Part II
Ordinary Dividends(See page B-1
and the
instructions for
Form 1040,
line 9.)

- 5 List name of payer. Include only ordinary dividends. If you received any capital gain distributions, see the instructions for Form 1040, line 13. ▶

MERRILL LYNCH
MERRILL LYNCH
PI ESTATES
BLACKSTONE REALTY INVESTORS, LLC
SHAMWARI HELIO, LLC
MACH ONE AVIATION, LLC
CLIFFSIDE ENTERTAINMENT, INC.

Amount

698,607

991

227

161

409

2,002

6,112

- 6 Add the amounts on line 5. Enter the total here and on Form 1040, line 9 6 708,509

You must complete this part if you (a) had over \$400 of interest or ordinary dividends; (b) had a foreign account; or (c) received a distribution from, or were a grantor of, or a transferor to, a foreign trust.

- 7a At any time during 2000, did you have an interest in or a signature or other authority over a financial account in a foreign country, such as a bank account, securities account, or other financial account? See page B-2 for exceptions and filing requirements for Form TD F 90-22.1

Yes No

X

- b If "yes," enter the name of foreign country ▶

X

- 8 During 2000, did you receive a distribution from, or were you the grantor of, or transferor to, a foreign trust? If "yes," you may have to file Form 3520. See page B-2.

Paperwork Reduction Act Notice, see Form 1040 Instructions.

Schedule B (Form 1040) 2000

Schedule D (Form 1040) 2000 THOMAS J. GONZALES

545-13-6755 Page 2

Part III Summary of Parts I and II

Combine lines 7 and 12. If a loss, go to line 18. If a gain, enter the gain on Form 1040, line 13

Next: Complete Form 1040 through line 39. Then, go to **Part IV** to figure your tax if:

- Both lines 16 and 17 are gains and
- Form 1040, line 39, is more than zero.

Otherwise, stop **here**.

18 If line 17 is a loss, enter here and as a (loss) on Form 1040, line 13, the **smaller** of these losses:

- The loss on line 17 or
- (\$3,000) or, if married filing separately, (\$1,500)

Next: Skip **Part IV** below. Instead, complete Form 1040 through line 37. Then, complete the Capital Loss Carryover Worksheet on page D-6 if:

- The loss on line 17 exceeds the loss on line 18 or
- Form 1040, line 37, is a loss.

17 -11,073,513

18 (3,000)

Part IV Tax Computation Using Maximum Capital Gains Rates

19 Enter your taxable income from Form 1040, line 39

20 Enter the smaller of line 16 or line 17 of Schedule D

21 If you are filing Form 952, enter the amount from Form 4952, line 4e

22 Subtract line 21 from line 20. If zero or less, enter -0-

23 Combine lines 7 and 12. If zero or less, enter -0-

24 Enter the smaller of line 15 or line 23, but not less than zero

25 Enter your unrecaptured section 1250 gain, if any, from line 17 of the worksheet on page D-8

26 Add lines 24 and 25

27 Subtract line 26 from line 22. If zero or less, enter -0-

28 Subtract line 27 from line 19. If zero or less, enter -0-

29 Enter the smaller of:

- The amount on line 19 or
- \$26,250 if single; \$43,850 if married filing jointly or qualifying widow(er); \$21,925 if married filing separately; or \$35,150 if head of household

30 Enter the smaller of line 28 or line 29

31 Subtract line 30 from line 19. If zero or less, enter -0-

32 Enter the larger of line 30 or line 31

33 Figure the tax on the amount on line 32. Use the Tax Table or Tax Rate Schedules, whichever applies

Note: If the amount on lines 29 and 30 are the same, skip lines 34 through 37 and go to line 38.

34 Enter the amount on line 29

35 Enter the amount on line 30

36 Subtract line 35 from line 34

37 Multiply line 36 by 0.10

Note: If the amount on lines 19 and 29 are the same, skip lines 38 through 51 and go to line 52.

38 Enter the smaller of line 19 or line 27

39 Enter the amount on line 36

40 Subtract line 39 from line 38

41 Multiply line 40 by 0.20

Note: If line 30 is zero or blank, skip lines 42 through 51 and go to line 52.

42 Enter the smaller of line 22 or line 25

43 Add lines 22 and 25

44 Enter the amount on line 19

45 Subtract line 44 from line 43. If zero or less, enter -0-

46 Subtract line 45 from line 42. If zero or less, enter -0-

47 Multiply line 46 by 0.25

Note: If line 24 is zero or blank, skip lines 48 through 51 and go to line 52.

48 Enter the amount on line 19

49 Add lines 32, 36, and 46

50 Subtract line 49 from line 48

51 Multiply line 50 by 0.28

52 Add lines 33, 37, 41, and 51

53 Enter the tax on the amount on line 19. Use the Tax Table or Tax Rate Schedules, whichever applies

54 Tax on all taxable income (including capital gains). Enter the **smaller** of line 52 or line 53 here and on Form 1040, line 40

IFOUS5A 10/24/00

Schedule D (Form 1040) 2000

Schedule E (Form 1040) 2000

Name(s) shown on return. Do not enter name and social security number if shown on other side.

Attachment Sequence No. 13

Page 2

THOMAS J. MONZALES

Your social security number

545-13-6755

Note: If you report income from farming or fishing on Schedule E, you must enter your gross income from those activities on line 41 below. Real estate professionals must complete line 42 below.

Part II

Income or Loss From Partnerships and S Corporations

If you report a loss from an at-risk activity, you must check either column (e) or (f) on line 27 to describe your investment in the activity. See page E-5. If you check column (f), you must attach Form 6198.

27

	(a) Name	(b) Enter IP for partnership; S for S corp.	(c) Check if foreign partnership	(d) Employer identification number	Invest. At Risk?
					(e) All is at risk
					(f) Some is not at risk
A	SEE STATEMENT 5				
B					
C					
D					
E					

Passive Income and Loss

Nonpassive Income and Loss

	(a) Passive income from Schedule K-1	(b) Nonpassive loss from Schedule K-1	(c) Section 179 expense deduction from Form 4562	(d) Nonpassive income from Schedule K-1
A				
B				
C				
D				
E				
28a Totals	9,036	9,036		
29 Add columns (b) and (k) of line 28a		919,016		
30 Add columns (c), (d), and (j) of line 28b				
31 Total partnership and S corporation income or (loss). Combine lines 29 and 30. Enter the result here and include in the total on line 40 below				9,036
32				928,052
33				-919,016

Part III

Income or Loss From Estates and Trusts

	(a) Name	(b) Employer ID number
A		
B		
C		
D		
33a Totals		
34 Add columns (b) and (f) of line 33a		
35 Add columns (c) and (e) of line 33b		
36 Total estate income or (loss). Combine lines 34 and 35. Enter the result here and include in the total on line 40 below		
37		
38		
39		
40		
41		
42		

Part IV

Income or Loss From Real Estate Mortgage Investment Conduits (REMICs) - Residual Holder

	(a) Name	(b) Employer identification number	(c) Excess inclusion from Schedules Q, line 2c (see page E-8)	(d) Taxable income (net loss) from Schedules Q, line 1b	(e) Income from Schedules Q, line 3b
A					
B					
C					
D					
37					
38					
39					
40					
41					
42					

Form 2106

Department of the Treasury
Internal Revenue Service

Your name

THOMAS J. ZNALES

Employee Business Expenses

- See separate instructions.
► Attach to Form 1040.

OMB No. 1545-0139

2000

Attachment
Sequence No. 54

Occupation in which you incurred expenses

CHIEF TECHNOLOGY OF

Social security number
545-13-6755**Part I** Employee Business Expenses and Reimbursements**Step 1** Enter Your Expenses

	Column A Other Than Meals and Entertainment	Column B Meals and Entertainment
1 Vehicle expense (see line 22 or line 29. (Rural mail carriers: See instructions))	1	
2 Parking fees, tolls, and transportation, including train, bus, etc., that did not involve overnight travel or commuting to and from work	2	
3 Travel expense away from home overnight, including lodging, airplane, car rental, etc. Do not include meals and entertainment	3	
4 Business expense not included on lines 1 through 3. Do not include meals and entertainment	4	541,588
5 Meals and entertainment expenses (see instructions)	5	
6 Total expenses. In Column A, add lines 1 through 4 and enter the result. In Column B, enter the amount from line 5	6	541,588

Note: If you were reimbursed for any expenses in Step 1, skip line 7 and enter the amount from line 6 on line 8.

Step 2 Enter Reimbursements Received From Your Employer for Expenses Listed in Step 1

Enter reimbursements received from your employer that were not reported to you in box 1 of Form W-2. If your Form W-2 includes any reimbursements reported under code "L" in box 13 (see instructions)	7	98,718		
--	---	--------	--	--

Step 3 Figure Expenses To Deduct on Schedule A (Form 1040)

8 Subtract line 7 from line 6. If zero or less, enter -0-. However, if line 7 is greater than line 6 in Column A, report the excess as income on Form 1040, line 7	8	442,870	0
Note: If both columns of line 8 are zero, you cannot deduct employee business expenses here and attach Form 2106 to your return.			
9 In Column A, enter the amount from line 8. In Column B, multiply line 8 by 50% (.50). (Employees subject to Department of Transportation (DOT) hours of service limits: Multiply meal expenses by 60% (.60) instead of 50%. For details, see instructions.)	9	442,870	
10 Add the amounts from line 9 of both columns and enter the total here. Also, enter the total on Schedule A (Form 1040), line 20. (For background information and special rules on where to enter the total.)	10		442,870

For Paperwork Reduction Act Notice, see instructions.

Form 2106 (2000)

Form 6198

At-Risk Limitations

OMB No. 1545-0712

2000

Attachment
Sequence No. 31Department of the Treasury
Internal Revenue ServiceName(s) of the taxpayer
THOMAS J. ONZALESDescription of the activity
THOMAS J. ONZALES INVESTMENT CORP

Identifying number

545-13-6755

Part I

Year Profit (Loss) From the Activity, Including Prior Year Nondeductible Amounts. (See instructions.) Enter losses in parentheses.
(loss) from the activity. See page 2 of the instructions

- 1 Ordinary income from the sale or other disposition of assets used in the activity (or of your interest in the activity) that you
- 2 Gain (loss) initially reported on:

a Schedule D

b Form 4797

c Other form

- 3 Other income or gains from the activity, from Schedule K-1 of Form 1065, Form 1065-B, or Form 1120S, that were
- 4 Other deductions or losses from the activity, including investment interest expense allowed from Form 4952, that

- were not included on lines 1 through 3
- 5 Current year net profit (loss) from the activity. Combine lines 1 through 4. See page 3 of the instructions before

- completing this form
- 6 Adjusted taxable income as defined in section 1011) in the activity (or in your interest in the activity) on the first day of the

- 7 Increase for tax year. See page 4 of the instructions
- 8 Add line 6
- 9 Decreases for tax year. See page 4 of the instructions

- 10 a Subtract line 9 from line 8
- b If line 10a is less than zero, enter that amount here and go to line 20 (or complete Part III).

- Otherwise, enter -0- and see Pub. 925 for information on the recapture rules
- 10a 0

- 10b 0
- 11 Investment in the activity (or in your interest in the activity) at the effective date. Do not enter less than zero

- 12 Increase for tax year. See page 4 of the instructions
- 13 Add line 11
- 14 Decreases for tax year. See page 4 of the instructions

- 15 Amount at risk at the end of your 1999 tax year. Subtract line 14 from line 13. Do not enter less than zero.
- 16 Increased basis for tax year. See page 4 of the instructions

- 17 Add line 16
- 18 Decreases for tax year. See page 4 of the instructions
- 19a Subtract line 18 from line 17

- b If line 19a is less than zero, enter that amount here and go to line 20.

- Otherwise, enter -0- and see Pub. 925 for information on the recapture rules
- 19a 0

- 19b 0
- 20 Amount at risk at the end of your 1999 tax year. Enter the larger of line 10b or line 19b.

- 21 Deductible loss. If line 20 is zero, enter -0-; you do not have a deductible loss this year.

- Otherwise, enter the smaller of the line 5 loss (treated as a positive number) or line 20.
- See page 6 of the instructions to find out how to report any deductible loss and any carryover

- 20 0
- 21 0
- Notes: If the loss is from a passive activity, see Form 8582, Passive Activity Loss Limitations, or Form 8810, Corporate Passive Activity Loss and Credit to find out if the loss is allowed under the passive activity rules. If only part of the loss is subject to the passive activity loss rules, that part on Form 8582 or Form 8810, whichever applies.

KFA For Paperwork Reduction Act Notice, see page 8 of the instructions.

Form 6198 (2000)

Form 6251

Alternative Minimum Tax - Individuals

OMB No. 1545-0227

2000

Attachment
Sequence No. 32Department of the Treasury
Internal Revenue Service
Name(s) shown on return

THOMAS J. ZALES

Your social security number

545-13-6755

Part I Adjustments and Preferences

- 1 If you itemized deductions on Schedule A (Form 1040), go to line 2. Otherwise, enter your standard deduction from Form 1040, line 36, here and go to line 6
- 2 Medical and dental expenses. Enter the smaller of Schedule A (Form 1040), line 4 or 2 1/2% of Form 1040, line 34
- 3 Taxes. Enter the amount from Schedule A (Form 1040), line 9
- 4 Certain interest on home mortgage not used to buy, build, or improve your home
- 5 Miscellaneous itemized deductions. Enter the amount from Schedule A (Form 1040), line 28
- 6 Refund of tax or any tax refund from Form 1040, line 10 or line 21
- 7 Investment interest. Enter difference between regular tax and AMT deduction
- 8 Post-1980 depreciation. Enter difference between regular tax and AMT depreciation
- 9 Adjusted gain or loss. Enter difference between AMT and regular tax gain or loss
- 10 Incentive stock options. Enter excess of AMT income over regular tax income
- 11 Passive activity losses. Enter difference between AMT and regular tax income or loss
- 12 Beneficiary of annuities and trusts. Enter the amount from Schedule K-1 (Form 1041), line 9
- 13 Tax-exempt interest from private activity bonds issued after 8/7/86
- 14 Other. Enter the amount, if any, for each item below and enter the total on line 14.

a Circulation expenditures		h Loss limitations	
b Depletion		i Mining costs	
c Depreciation (1987)		j Patron's adjustment	
d Installment sales		k Pollution control facilities	
e Intangible drilling costs		l Research & experimental	
f Large partnership		m Section 1202 exclusion	
g Long-term contracts		n Tax shelter farm activities	
		o Related adjustments	

Total Adjustments

Part II Alternative Minimum Taxable Income

- 15 Enter the adjusted taxable income from Form 1040, line 37. If less than zero, enter as a (loss)
- 16 Net operating loss deduction, if any, from Form 1040, line 21. Enter as a positive amount
- 17 If Form 1040, line 13, is over \$128,950 (over \$64,475 if married filing separately), and you itemized deductions, enter the amount from line 9 of the worksheet for Schedule A (Form 1040), line 28
- 18 Combining lines 15 through 17
- 19 Alternative tax-exempt interest loss deduction. See page 6 of the instructions
- 20 Alternative Minimum Taxable Income. Subtract line 20 from line 19. (If married filing separately and line 21 is more than \$10,000, see page 7 of the instructions.)

Part III Exemption Amount and Alternative Minimum Tax

- 21 Exemption Amount. (If this form is for a child under age 14, see page 7 of the instructions.)

IF your filing status is:	AND line 21 is not over ...	THEN enter on line 22 ...
Single or head of household	\$112,500	\$33,750
Married filing jointly or qualifying widow(er)	150,000	45,000
Married filing separately	75,000	22,500

- 22 Subtract line 21 from line 20. If zero or less, enter -0- here and on lines 26 and 28 and stop here

- 23 If you reported capital gain distributions directly on Form 1040, line 13, or you completed Schedule D (Form 1040) on line 25 or line 27 (or would have had an amount on either line if you had completed Part IV) AMT, if necessary, go to Part IV of Form 6251 to figure line 24. All others: If line 23 is \$175,000 or less (or \$87,500 if married filing separately), multiply line 23 by 26% (.26). Otherwise, multiply line 23 by 28% (.28) and subtract \$3,500 (\$1,750 if married filing separately) from the result
- 24 Alternative minimum tax foreign tax credit. See page 7 of the instructions.
- 25 Tentative alternative minimum tax. Subtract line 25 from line 24
- 26 Enter your regular tax from Form 1040, line 40 (minus any tax from Form 4972 and any foreign tax credit from Form 1040, line 41)
- 27 Alternative minimum tax. Subtract line 27 from line 26. If zero or less, enter -0-
- 28 For Paperwork Reduction Act Notice, see page 8 of the instructions.

KFA

IF0533 10/23/00

Form 6251 (2000)

Form 8582

Passive Activity Loss Limitations

OMB No. 1545-1008

Department of the Treasury
Internal Revenue Service
Name(s) shown on return▶ See separate instructions.
▶ Attach to Form 1040 or Form 1041.

2000

Attachment
Sequence No. 88Identifying number
545-13-6755

THOMAS J. DONZALES

Part I Passive Activity Loss

See the instructions for Worksheets 1 and 2 on page 8 before completing Part I.

Rental Real Estate Activities With Active Participation (For the definition of active participation see Active Participation in Rental Real Estate Activity on page 4 of the instructions.)

1a Active rental income (enter the amount from Worksheet 1, column (a))

1a

b Active rental loss (enter the amount from Worksheet 1, column (b))

1b

c Prior year allowed losses (enter the amount from Worksheet 1, column (c))

1c

d Combined 1a, 1b, and 1c

1d

All Other Passive Activities

2a Active rental income (enter the amount from Worksheet 2, column (a))

2a

9,036

b Active rental loss (enter the amount from Worksheet 2, column (b))

2b

(1,433,348)

c Prior year allowed losses (enter the amount from Worksheet 2, column (c))

2c

d Combined 2a, 2b, and 2c

2d

-1,424,312

3 Combined net income or loss from lines 1d and 2d. If the result is net income or zero, all losses are allowed, including any prior year losses entered on line 1c or 2c. Do not complete Form 8582. Report the losses on the forms and schedules you are required to file. If there are losses, go to Part II. Otherwise, enter -0- on line 9 and go to line 10.

3

-1,424,312

Part II Rental Allowance for Rental Real Estate With Active Participation

Enter all numbers in Part II as positive amounts. See page 8 for examples.

4 Enter the amount of the loss on line 1d or the loss on line 3. If your filing status is married filing separately and you lived with your spouse at any time during the year, do not complete Part II. Instead, enter -0- on line 9 and go to line 10.

4

5 Enter 15% of the amount on line 4. If married filing separately, see page 8.

5

6 Enter the amount on line 5, but not less than zero.

6

7 Enter the amount on line 6, but not less than zero. If the amount on line 6 is greater than or equal to line 5, skip lines 7 and 8, enter -0- on line 10. Otherwise, go to line 7.

7

8 Enter the amount on line 7, but not more than 50% (.5) of the amount on line 4. Do not enter more than \$25,000. If married filing separately, see page 9.

8

9 Enter the amount on line 4 or line 8.

9

Part III Losses Allowed

10 Add the amounts on lines 9 and 10. If any, on lines 1a and 2a and enter the total.

10

9,036

11 Total losses allowed from all passive activities for 2000. Add lines 9 and 10. See page 11 to report the losses on your tax return.

11

9,036

For Paperwork Reduction Act Notice, see page 12 of the instructions.

Form 8582 (2000)

Form 8582

ALTERNATIVE MINIMUM TAX Passive Activity Loss Limitations

OMB No. 1545-1008

2000

Attachment
Sequence No. 88Identifying number
545-13-6755

▶ See separate instructions.

▶ Attach to Form 1040 or Form 1041.

THOMAS

ONZALES

Part I

Passive Activity Loss

Rental Real Estate
Participation

See the instructions for Worksheets 1 and 2 on page 8 before completing Part I.

Activities With Active Participation (For the definition of active participation see Active
Rental Real Estate Activity on page 4 of the instructions.)

1a	Active income (enter the amount from Worksheet 1, column (a))	1a	
b	Active loss (enter the amount from Worksheet 1, column (b))	1b	()
c	Passive losses (enter the amount from Worksheet 1, column (c))	1c	()
d	Combine lines 1b and 1c	1d	
All Other Activities			
2a	Active income (enter the amount from Worksheet 2, column (a))	2a	9,186
b	Active loss (enter the amount from Worksheet 2, column (b))	2b	(1,417,961)
c	Passive losses (enter the amount from Worksheet 2, column (c))	2c	()
d	Combine lines 2b and 2c	2d	-1,408,775
3	Combine lines 1d and 2d. If the result is net income or zero, all losses are allowed, including any prior year entered on line 1c or 2c. Do not complete Form 8582. Report the losses on the forms and if used. If lines 1d are losses, go to Part II. Otherwise, enter -0- on line 9 and go to line 10	3	-1,408,775

Part II

Allowance for Rental Real Estate With Active Participation

Enter all numbers in Part II as positive amounts. See page 8 for examples.

4	Enter the loss from line 1d or the loss on line 3	4	
5	If married filing separately, see page 8	5	
6	Adjusted gross income, but not less than zero	6	
7	Greater than or equal to line 5, skip lines 7 and 8, enter -0- on line 10. Otherwise, go to line 7.	7	
8	50% (.5). Do not enter more than \$25,000. If married filing separately, see page 9	8	
9	Enter the result of line 4 or line 8	9	

Part III

Losses Allowed

10	Active income from any, on lines 1a and 2a and enter the total	10	9,186
11	Losses allowed from all passive activities for 2000. Add lines 9 and 10. See page 11 to report the losses on your tax return	11	9,186

For Paperwork Reduction Act Notice, see page 12 of the instructions.

Form 8582 (2000)

2000

FEDERAL STATEMENTS

PAGE 1

THOMAS J. GONZALES

545-13-6755

STATEMENT
FORM NO. 1
WAGE SCHEDULE

TAXES	- EMPLOYER	WAGES	FEDERAL W/H	FICA	MEDI- CARE	STATE W/H	SDI
COMMERCIAL INC		207,545	57,307	4,724	3,110	15,613	232
	GRAND TOTAL	207,545	57,307	4,724	3,110	15,613	232

STATE OF NEW YORK
FOR THE YEAR ENDING JUNE 30, 1911
OTHER TAXES

GRAND TOTAL	ME ADJ - TGIC	\$	-100,000
			721
	TOTAL	\$	-99,279

STATEMENT	LINE 12
SCHEDULE	POINTS
DEDUCTIONS	
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AMOUNT	\$	141
		TOTAL	\$ 141

STATE OF
SCHOOL
COUNTY

LINE 15
NS BY CASH OR CHECK

CHAR	CONTRIBUTIONS FROM K-1	\$	1,000
			10,000
	TOTAL	\$	<u>11,000</u>

2000

FEDERAL STATEMENTS

PAGE 2

THOMAS J. GONZALES

FAS-15, 0789

PART II - INCOME OR LOSS FROM PARTNERSHIPS AND S CORPORATIONS

NAME	TYPE	X IF FOREIGN	EMPLOYER I.D. NO.	ALL INVEST. AT RISK	SOME INVEST. AT RISK	PTP	PASSIVE LOSS FROM FORM 8582	PASSIVE INC. FROM SCH. K-1	NONPASSIVE LOSS FROM SCH. K-1	SECTION 179 DEDUCTION	NONPASSIVE INCOME FROM K-1
BIRCH VENTURES LLC	P		94-3357929								
BLACKSTONE REALTY INVESTORS, LLC	P		88-0436192	X			\$ 708				
SIERRA STAR LEASING, LLC	P		68-0408214								
BLACKSTONE TECHNOLOGY PARTNERS LLC	P		88-0427704								
MILLENNIUM 12, LLC	P		88-0486354								
MILLENNIUM 7, LLC	P		88-0486351								
SHAMWARI HELIO, LLC	P		88-0486356								
SHAMWARI MOTOR YACHT LTD	P		98-0340046								
NEW WORLD, LLC	P		88-0469787	X			811				
MACH ONE AVIATION, LLC	P		91-2079523	X				\$ 721	\$ 919,016		
THOMAS J. GONZALES INVESTMENT CORP	S		22-3771171					8,315			
SEC 988 GAINS	S		22-3771171								
CLIFFSIDE ENTERTAINMENT, INC.	S		94-3371704	X			7,517				
							9,036	9,036	919,016	0	0
TOTAL							\$ 9,036	\$ 9,036	\$ 919,016	\$ 0	\$ 0

12/3

2000 FEDERAL DEPRECIATION SCHEDULE

PAGE 1

FAC 12.6755

THOMAS J. CONTALDO

NO.	DESCRIPTION	ACQUISITION DATE	ACQ. DATE	EST. BASIS	EST. BASIS	RECOVERABLE VALUE	BASIS	DEPR.	S/L	RETRD	LIFE	RATE	DEPR.
SCHEDULE A (POINTS)													
AMORTIZATION													
1	POINTS	11/16/98		4,220									
	TOTAL AMORTIZATION			4,220			4,220		153		30		141
	TOTAL DEPRECIATION			0			4,220		153				141
	GRAND TOTAL AMORTIZATION			4,220			0		0				0
	GRAND TOTAL DEPRECIATION			0			4,220		153				141
							0		0				0

12/31/07

2000 FEDERAL ALTERNATIVE MINIMUM TAX DEPRECIATION SCHEDULE

PAGE 1

FORM 1041-07

THOMAS J. CONZATTI

TOTAL	0	0	0	0	0
TOTAL DEPRECIATION	0	0	0	0	0
GRAND TOTAL DEPRECIATION	0	0	0	0	0

515. 42. 6755

AMORTIZATION

1 POINTS

86/91/11

TOTAL AMORTIZATION

TOTAL DEPRECIATION

GRAND TOTAL AMORTIZATION

GRAND TOTAL DEPRECIATION

[illegible]

THOMAS J. GONZALES, II (Deceased)
TIN: 545-13-6755
REFUND CLAIM (FORM 1040X, TAX YEAR 200012)
Incorporated As Though Fully Set Forth At Page 2, Part II,
Explanation of Changes to Income, Deductions and Credits

Taxpayer Thomas J. Gonzales, II (deceased) hereby requests a refund of \$31,478,202.00, together with interest as allowed by law. This amount was paid to the United States Treasury on or about 13 April, 2007, by Merrill Lynch Official Check numbered 266963628, dated 4/11/2007, in the amount of \$31,478,002.00, and Personal Money Order drawn on Wells Fargo Bank, numbered 0000111014, and dated 4/13/07, in the amount of \$200.00, both checks totaling \$31,478,202.00. Payment was acknowledged received by the Internal Revenue Service by the assignment of payment DLN: 89217-106-82800-7. Copies of the respective checks are attached hereto as Exhibits A-1 and A-2. Further, Taxpayer requests a refund of such other amount as may be appropriate, together with interest as allowed by law, on the following bases and for the following reasons:

1. THE STATUTORY NOTICE OF DEFICIENCY

The Internal Revenue Service issued a statutory notice of deficiency (a copy of which is attached hereto as Exhibit B, and incorporated by this reference as though fully set forth herein,) on December 06, 2006, to: Thomas J. Gonzales (Deceased), [sic] Thomas J. Gonzales, II, Executor, [sic]¹ 110 Mason Circle, Suite B, Concord, CA 94520-1328², for the aforementioned deceased Taxpayer's 1040 tax years ended December 31, 2000 and December 31, 2001, as follows:

¹ The decedent is Thomas J. Gonzales II, and the executor is Tom Gonzales.

² Executor Tom Gonzales' current correct address is 134 Lakes Blvd., Dayton, NV 89403.

A. TAX YEAR ENDED DECEMBER 31, 2000

For the tax year ended December 31, 2000, the Internal Revenue Service assessed a deficiency-increase in tax, in the amount of \$26,231,835.00 (exclusive of statutory interest), and a penalty assessment pursuant to 26 U.S.C. § 6662(a) in the amount of \$5,246,367.00.

B. TAX YEAR ENDED DECEMBER 31, 2001

For the tax year ended December 31, 2001, the Internal Revenue Service erroneously disallowed Itemized Deductions in the amount of \$1,986,369.00, and erroneously included in taxable income a "State Tax Refund" in the amount of \$143,773.00, both adjustments totaling \$2,130,142.00, thereby erroneously reducing Taxpayer's claimed loss of \$8,757,573.00, to \$6,627,431.00.

2. CHALLENGE TO ALL PROPOSED ASSESSMENTS ASSERTED IN EXHIBIT B

Taxpayer asserts that each and every adjustment contained in Exhibit B is erroneous, arbitrary, capricious, and contrary to law. Taxpayer demands that each and every adjustment be reversed and eliminated, including the asserted 26 U.S.C. § 6662(a) penalty of \$5,246,367.00, resulting in a refund of \$31,478,202.00, or such other amount as may be appropriate, together with interest as allowed by law.

A. EXHIBIT B: LINE ITEM 1.a ON FORM 4549A-DENIAL OF TAX YEAR 2000 CAPITAL LOSS

The Internal Revenue Service, as provided by Exhibit B, line item 1.a. on Form 4549A-Capital Gain or Loss, disallowed Taxpayer's claimed capital loss in the amount of \$142,002,000. This disallowance resulted in an alleged net capital gain in the amount of

\$130,928,478, rather than the net capital loss of (\$3,000) claimed on the taxpayer's form 1040 for the 2000 tax year. As basis for the assertion that \$31,478,202.00, or such other amount as may be appropriate, together with interest as allowed by law, should be refunded, the aforementioned Taxpayer states that he is entitled to the claimed loss of \$142,002,000, resulting from the acquisition and disposition of U.S. Treasury Bonds and other related financial instruments. The bases for Taxpayer's entitlement are as follows:

- i. The facts, circumstances and law support the claimed loss, since the amount realized pursuant to 26 U.S.C. § 1001, Treasury Regulation § 1.1001-2(a), and relevant case law, was less than the Taxpayer's actual basis, including the relief of liabilities, as recognized in fact, at law, and in equity, all in accordance with existing law, regulation, rulings, judicial and other authority.

The taxpayer entered into a for profit transaction wherein he acquired U.S. Treasury Bonds, which paid interest at an above-market rate. In exchange for the U.S. Treasury Bonds, the taxpayer issued a note whose face amount was essentially equal to the face amount of the Treasury Bonds, and which paid a nearly identical interest rate to the rate paid by the Bonds. Accordingly, because the fair market value of the bonds was greater than the face amount of the bond, the note was issued at a premium.

Pursuant to 26 U.S.C. § 1273(b)(3) and the relevant Treasury Regulations, the issue price of debt issued for property that trades on a market, like Treasury Bonds, is the fair market value of the property (Treasury Bonds in this case). Under Treasury Regulation § 1.1012-1(g)(1), the basis of the Treasury Bonds acquired was equal to the issue price of the debt issued by the taxpayer – in other

words, the Treasury Bonds had a basis to the Taxpayer equal to the fair market value of the Treasury Bonds at the time acquired. The Internal Revenue Service did not challenge this fact in its Notice of Deficiency (Exhibit B).

When the Taxpayer transferred the Treasury Bonds, the debt owed by the Taxpayer was assumed by the buyer of the Treasury Bonds. In accordance with applicable case law, regulations and rulings, the Taxpayer included in his amount realized from the sale of the Treasury Bonds, the face of amount of the Note. The Internal Revenue Service asserted in the Notice of Deficiency that 26 U.S.C. § 1273(b)(3) and Treasury Regulation § 1.1275-1(b) required that the amount realized include the adjusted issue price of the debt in question, not the face amount of the debt. In fact, however, 26 U.S.C. § 1273(b)(3) is silent regarding the amount realized from the transfer of property. Similarly, Treasury Regulation § 1.1275-1(b) is silent regarding the amount realized from the transfer of property. Thus, there is no requirement that the amount realized include the adjusted issue price of the debt, rather than the face amount of the debt. Consequently, the position of the Internal Revenue Service is erroneous, arbitrary, capricious and contrary to the law. Further, the position of the Internal Revenue Service as stated in Exhibit B is unjustified and indefensible.

As a result, Taxpayer realized a loss in the amount claimed, upon disposition of the Taxpayer's interest in the subject United States Treasury Bonds and other related financial instruments because the amount realized was \$142,002,000 less than Taxpayer's basis in the subject United States Treasury Bonds.

- ii. Taxpayer is entitled to the claimed loss of \$142,002,000, in general, pursuant to the relevant Internal Revenue Code provisions, regulations, rulings and other authority; including the provisions of 26 U.S.C. § 165, and the provisions of 26 U.S.C. § 465.
 - iii. The subject transactions relating to the transfer of Taxpayer's interest in the United States Treasury Bonds and other related financial instruments are taxable transactions, pursuant to the relevant provisions of the Internal Revenue Code, regulations, rulings, case and other authority thereunder.
 - iv. Taxpayer entered into the subject transactions with a profit motive involving transactions having economic substance, which transactions were at risk to market conditions.
 - v. The form of the subject transactions is consistent with their substance; and the subject transactions, in form and substance, were subject to economic risk of profit and loss resulting in a substantive economic consequence, as a matter of fact and law.
 - vi. Taxpayer, as a matter of fact and law, is entitled to the claimed losses for Xing mail, Swing Solutions, and Auto Parts, etc., all of which have or can be established in compliance with the relevant provisions of the Internal Revenue Code, regulations, rulings, cases and other authority thereunder.
- B. EXHIBIT B: LINE ITEM 17. A. ON FORM 4549A-ACCURACY RELATED PENALTY PURSUANT TO 26 U.S.C. § 6662(A)

The 26 U.S.C. § 6662(a) penalty in the amount of \$5,246,367.00, asserted in Exhibit B, is not a valid penalty as a matter of law, is not applicable nor

operative, as it is null and void, and is in violation of the representations contained in Internal Revenue Service Announcement 2002-2, upon which the aforementioned Taxpayer reasonably relied. A copy of the aforementioned Announcement 2002-2 is attached hereto as Exhibit C, and incorporated by this reference as though fully set forth herein. Exhibit C provides that adequate disclosure of the transaction(s) giving rise to the tax benefit claimed on the tax return would result in no penalty being asserted by the Internal Revenue Service. In compliance with Exhibit C, Taxpayer timely, fully, and adequately disclosed to the Internal Revenue Service the information required by Exhibit C. Taxpayer's Disclosure Statement is attached hereto as Exhibit D-1, and incorporated by this reference as though fully set forth herein. The Internal Revenue Service determined that the Taxpayer's disclosure was adequate, pursuant to Announcement 2002-2, and that no penalty should be assessed pursuant to 26 U.S.C. § 6662. The Internal Revenue Service's determination, dated August 14, 2002, that imposition of the 26 U.S.C. § 6662 accuracy related penalty is waived because of Taxpayer's disclosure (Exhibit D-1,) is attached hereto as Exhibit D-2, and incorporated by this reference as though fully set forth herein.

Consequently, imposition of the 26 U.S.C. § 6662(a) penalty in any amount against this Taxpayer, given the particular facts and circumstances, is not appropriate, nor justified. It is believed the accuracy-related penalty was asserted in error and is subject to reversal, abatement or otherwise to be eliminated without dispute by unilateral Internal Revenue Service action in compliance with its representations contained in IRS Announcement 2002-2(Exhibit C).

Accordingly, based on Exhibits C, D-1 and D-2, Taxpayer hereby demands that the asserted 26 U.S.C. § 6662(a) penalty in the amount of \$5,246,367.00, or any other amount, together with interest as may be allowed by law, be abated, reversed and eliminated as a matter of law, rendering such penalty null and void *ab initio*, as applied to this Taxpayer, pursuant to Due Process, Taxpayer's rights and privileges under the United States Constitution, and the relevant laws of the United States of America, regulations and rulings of the United States Treasury and its agency, the Internal Revenue Service, upon which the aforementioned Taxpayer reasonably relied.

C. TAX YEAR 2000 SHORT-TERM CAPITAL LOSS CARRYOVER AVAILABLE FOR SUBSEQUENT YEARS

Carryover per 2001 tax return:	\$11,070,513
As corrected, carryover amount	____-0-____
Adjustment	<u>\$11,070,513</u>

Taxpayer is entitled to the claimed 2001 carryover loss, from tax year 2000, in the amount of \$11,070,513, or any other amount, as a matter of fact and law. The aforementioned \$11,070,513 adjustment is arbitrary, capricious and erroneous as a matter of fact and law and should be reversed, and Taxpayer should be allowed the \$11,070,513 carryover loss claimed on the 2001 tax return.³

³ Taxpayer by separate refund claims on Form 1040X is filing for refunds based on the net operating loss arising from 2001 as adjusted. See attached schedule (Exhibit E) reflecting application of the 2001 net operating loss, incorporated by this reference as fully set forth herein.

D. EXHIBIT B: LINE ITEM 1.b ON FORM 4549A-ITEMIZED DEDUCTIONS

<u>Year</u>	<u>Per Return</u>	<u>Per Examination</u>	<u>Adjustment</u>
2000	\$ 461,279	\$ 9,097	\$ 452,182
2001	\$2,196,483	\$210,114	\$1,986,369

The adjustments made by the Internal Revenue Service with respect to Taxpayer's itemized deductions for tax years 2000 and 2001, as described above, are arbitrary, capricious and erroneous, as Taxpayer has or can substantiate all deductions as being in accordance with the relevant provisions of the Internal Revenue Code, regulations, rulings, cases and other authority thereunder. Further, regarding tax year 2001, Taxpayer has or can substantiate the claimed \$1,986,369 of miscellaneous expenses as being deductible in accordance with the relevant provisions of the Internal Revenue Code, regulations, rulings, cases and other authority thereunder.

Taxpayer acknowledges the three percent limitation provided by the Internal Revenue Code, 26 U.S.C. § 68, but states that the 2000 and 2001 thresholds have been satisfied, and are not operative if the adjustments proposed in Exhibit B are not valid.

Taxpayer further states as follows, with respect to Exhibit B:

E. EXHIBIT B: LINE ITEM 1.C ON FORM 4549A-STATE TAX REFUND

<u>Year</u>	<u>Per Return</u>	<u>Per Examination</u>	<u>Adjustment</u>
2001	(\$143,773)	0	\$143,773

The deduction claimed for State Tax Refund on Taxpayer's 2001 tax return is applicable and allowable as claimed, since the proposed adjustments contained in Exhibit B are arbitrary, capricious, erroneous, null and void. Further, the reduction or exclusion of the \$143,773 State Tax Refund is appropriate, as no tax benefit had been received

from claiming state tax payments as a deduction, prior to receiving the aforementioned refund, properly excluded from 2001 taxable income.

F. EXHIBIT B: LINE ITEM 6 ON FORM 4549A-ALTERNATIVE MINIMUM TAX

<u>Year</u>	<u>Per Return</u>	<u>Per Examination</u>	<u>Adjustment</u>
2000	\$ 78,993	0	(\$78,993)

Taxpayer states that the Form 1040 for tax year 2000 is correct as filed. The proposed adjustments contained in Exhibit B are arbitrary, capricious, erroneous, null and void. Consequently, the Alternative Minimum Tax of \$78,993 as reported for 2000 is correct.

3. TAXPAYER'S GOOD FAITH AND RELIANCE UPON PROFESSIONAL ADVICE

Taxpayer entered into the subject United States Treasury Bond transactions in good faith, upon the advice and reliance of professional advisors and counselors, with a bona fide profit motive. Taxpayer believed the transactions complied with all laws, never intending in any manner to disregard the professional advice of his advisors and counselors, nor in any manner to disobey the law, or violate a known legal duty.

4. THE STATUTE OF LIMITATIONS BARS ASSESSMENT OF ADDITIONAL TAX, PENALTY, AND INTEREST; THE SUBJECT TRANSACTIONS ARE NOT "LISTED TRANSACTIONS"

Additionally, assessments of additional tax, penalty, or interest, or adjustment of any claimed tax benefit on Taxpayer's tax returns for his tax years ended December 31, 2000 and December 31, 2001 are barred as a matter of law, as the statute of limitations for additional assessment had expired as of the date Exhibit B was issued on December 6, 2006. Further, the subject transactions are not "listed transactions" within the contemplation of IRS Notice 2000-

44. Therefore, any tax or interest paid pursuant to Exhibit B is paid under protest as being paid based on an illegal assessment. Any such payment should be refunded with interest as allowed by law.

REQUEST FOR REFUND AS CLAIMED; NO REDUCTION OF TAX BENEFITS

Taxpayer, for the reasons and bases stated above, respectfully requests and demands for taxable year ended December 31, 2000, a refund of \$31,478,202.00, or such other amount as may be appropriate, together with interest as allowed by law. In addition, for the taxable year ended December 31, 2001, Taxpayer respectfully demands and requests the claimed loss of \$8,757,573, as stated in Exhibit B to be allowed as claimed, without adjustment in any manner.

Respectfully submitted,

THOMAS J. GONZALES II, (DECEASED)

Dated: 8-10-07

By.  TTFE
TOM GONZALES
Executor/Trustee

EXHIBIT A-1

Walter Merrill Lynch

OFFICIAL CHECK

PAY:

TO THE

ORDER OF UNITED STATES TREASURY

by: Thomas J. Gonzales, II Tax Year: 2000

TIN: 545-13-6755

Tax: (1040) \$26,231,6755

FOR: Penalty (26 USC 6662(a)):

\$5,246,367

THIRTY ONE MILLION FOUR HUNDRED SEVENTY EIGHT THOUSAND TWO AND 00/100 DOLL

DATE 04/11/2007

\$ ***31478002

DRAWER: Merrill Lynch Bank & Trust Co., PSB

M. J. Gonzales, II
Authorized Signature(s)

⑈107221⑈ ⑈12203717⑈ ⑈68000266963628⑈

*Received 4/11/07
TJG*

EXHIBIT

A-1

Thomas J. Gonzales, II
by: Tom Gonzales, Executor
TIN: 545-13-6755
Tax (1040): \$26,231,835
Penalty: \$5,246,367
DO NOT WRITE, SIGN, OR STAMP BELOW THIS LINE

THE UNITED STATES OF AMERICA, by and through the undersigned, do hereby

certify that

the foregoing is a true and correct copy of the

original document.

13

EXHIBIT A-2

PERSONAL MONEY ORDER

SERIAL #: 0000111014
ACCOUNT#: 4861-506360

April 13, 2007

****\$200.00****

VOID IF OVER US \$ 200.00

NON-NEGOTIABLE

PAY TO THE ORDER OF
***UNITED STATES TREASURY ***
THOMAS J. GONZALES II, TIN 545-13-67552000
*****Two hundred dollars and no cents*****

WELLS FARGO BANK, N.A.
SAN FRANCISCO MAIN
464 CALIFORNIA ST
SAN FRANCISCO, CA 94104
FOR INQUIRIES CALL (480) 304-3122

NOTICE TO PURCHASER-IF STOP PAYMENT IS PLACED ON THIS INSTRUMENT, WELLS FARGO BANK MAY IMPOSE A WAITING PERIOD BEFORE ISSUING A REPLACEMENT OR REFUND.

Purchaser Copy

PERSONAL MONEY ORDER

0000111014

April 13, 2007

****\$200.00****

VOID IF OVER US \$ 200.00

Purchaser's Signature

PAY TO THE ORDER OF
***UNITED STATES TREASURY ***
THOMAS J. GONZALES II, TIN 545-13-67552000
*****Two hundred dollars and no cents*****

WELLS FARGO BANK, N.A.
SAN FRANCISCO MAIN
464 CALIFORNIA ST
SAN FRANCISCO, CA 94104
FOR INQUIRIES CALL (480) 304-3122

EXHIBIT

A-2

Received 4-13-07
Paul Zurob, Treasurer

EXHIBIT B

Department of the Treasury**Internal Revenue Service**1301 Clay Street Stop# 895S 90 Day
Oakland, CA 94612

Date:

DEC 31 2006

Thomas J. Gonzales (Deceased)
Thomas J. Gonzales II, Executor
134 Lakes Boulevard
Dayton, NV 89403

Letter Number: 531 (DO)

Form Number: 1040

Taxpayer Identification Number:

545-13-6755

Person to Contact:

Leonard Antonio

Contact Telephone Number:

(510) 637-2590 (Not Toll Free)

Employee Identification Number:

ID # 94-09515

Refer Reply To:

SE:SE:TS:CAA:14

Last Day to File a Petition With the
United States Tax Court:

MAR 06 2007

*Tax Year Ended	Deficiency: Increase in tax	Penalty Section(s)
December 31, 2000	\$26,231,835.00	6662(a) \$5,246,367.00

Dear Taxpayers:

NOTICE OF DEFICIENCY

We have determined that you owe additional tax or other amounts, or both, for the tax year(s) identified above. This letter is your NOTICE OF DEFICIENCY, as required by law. The enclosed statement shows how we figured the deficiency.

If you want to contest this determination in court before making any payment, you have 90 days from the date of this letter (150 days if addressed to you outside of the United States) to file a petition with the United States Tax Court for a redetermination of the deficiency. You can get a copy of the rules for filing a petition and a petition form you can use by writing to the address below.

United States Tax Court, 400 Second Street, NW, Washington, DC 20217

The Tax Court has a simplified procedure for small tax cases when the amount in dispute for each tax year is \$50,000 or less. If you intend to file a petition for multiple tax years and the amount in dispute for any one or more of the tax years exceeds \$50,000, this simplified procedure is not available to you. If you use this simplified procedure, you cannot appeal the Tax Court's decision. You can get information pertaining to the simplified procedure for small cases from the Tax Court by writing to the court at the above address or from the court's internet site at www.ustaxcourt.gov.

Send the completed petition form, a copy of this letter, and copies of all statements and/or schedules you received with this letter to the Tax Court at the above address. The Court cannot consider your case if the petition is filed late. The petition is considered timely filed if the postmark date falls within the prescribed 90 or 150 day period and the envelope containing the petition is properly addressed with the correct postage.

The time you have to file a petition with the court is set by law and cannot be extended or suspended. Thus, contacting the Internal Revenue Service (IRS) for more information, or receiving other correspondence from the IRS won't change the allowable period for filing a petition with the Tax Court.

nder: GLP

EXHIBIT**B**Letter 531(DO) (Rev.6-2003)
Catalog Number 40222A

As required by law, separate notices are sent to husbands and wives. If this letter is addressed to both husband and wife, and both want to petition the Tax Court, both must sign and file the petition or each must file a separate, signed petition. If more than one tax year is shown above, you may file one petition form showing all of the years you are contesting.

You may represent yourself before the Tax Court, or you may be represented by anyone admitted to practice before the Tax Court.

If you decide not to file a petition with the Tax Court, please sign the enclosed waiver form and return it to us at the IRS address on the top of the first page of this letter. This will permit us to assess the deficiency quickly and can help limit the accumulation of interest.

If you decide not to sign and return the waiver, and you do not file a petition with the Tax Court within the time limit, the law requires us to assess and bill you for the deficiency after 90 days from the date of this letter (150 days if this letter is addressed to you outside the United States).

NOTE: If you are a C-corporation, Section 6621(c) of the Internal Revenue Code requires that we charge an interest rate two percent higher than the normal rate on corporate underpayments in excess of \$100,000.

If you have questions about this letter, you may write to or call the contact person whose name, telephone number, and IRS address are shown on the front of this letter. If you write, please include your telephone number, the best time for us to call you if we need more information, and a copy of this letter to help us identify your account. Keep the original letter for your records. If you prefer to call and the telephone number is outside your local calling area, there will be a long distance charge to you.

The contact person can access your tax information and help you get answers. You also have the right to contact the office of the Taxpayer Advocate. Taxpayer Advocate assistance is not a substitute for established IRS procedures such as the formal appeals process. The Taxpayer Advocate is not able to reverse legally correct tax determinations, nor extend the time fixed by law that you have to file a petition in the U.S. Tax Court. The Taxpayer Advocate can, however, see that a tax matter that may not have been resolved through normal channels gets prompt and proper handling. If you want Taxpayer Advocate assistance, please contact the Taxpayer Advocate for the IRS office that issued this notice of deficiency. See the Enclosed Notice 1214, Helpful Contacts for Your "Notice of Deficiency", for Taxpayer Advocate telephone numbers and addresses.

Thank you for your cooperation.

Sincerely yours,
MARK W. EVERSON
Commissioner by

Leo V. Alvarado
Leo Alvarado
Technical Services Territory Manager

Enclosures:

Explanation of tax changes
Waiver
Notice 1214

Sender: GLP

Form **5564-A**
(October 1999)

Department of the Treasury - Internal Revenue Service

Notice of Deficiency - WaiverSymbols
SE:S:E:TS:CAA:14

Name and Address of Taxpayer(s)

Thomas J. Gonzales (Deceased)
Thomas J. Gonzales II, Executor
134 Lakes Boulevard
Dayton, NV 89403

Social Security or Employer Identification Number

545-13-6755

Kind of Tax

INCOME

☒ Copy to Authorized RepresentativeMartin A. Schainbaum, Esq.
351 California Street, suite 800
San Francisco, CA 94104

Tax Year Ended

DEFICIENCY

Tax Increase

Penalties

December 31, 2000

\$26,231,835.00

6662(a)

\$5,246,367.00

Total(s)

\$26,231,835.00

\$5,246,367.00

I consent to the immediate assessment and collection of the deficiencies (increase in tax and penalties) shown above, plus any interest. Also, I waive the requirement under section 6532(a)(1) of the Internal Revenue Code that a notice of claim disallowance be sent to me by certified mail for any overpayment shown on the attached report.

I understand that the filing of this waiver is irrevocable and it will begin the 2-year period for filing suit for refund of the claims disallowed as if the notice of disallowance had been sent by certified or registered mail.

Your Signature

(Signature)

(Date signed)

Spouse's Signature
(If A Joint Return
Was Filed)

(Signature)

(Date signed)

Taxpayer's
Representative
Sign Here

(Signature)

(Title)

(Date signed)

(For instructions, see next page)

If you agree, please sign one copy of this form and return it; keep the other copy for your records.

Sender GLP

www.irs.gov

Form 5564-A (Rev 10-199)

Instructions for Form 5564-A

Note:

If you consent to the assessment of the deficiencies shown in this waiver, please sign and return this form to limit the interest charge and expedite our bill to you. Please do not sign and return any prior notices you may have received. Your consent signature is required on this waiver, even if fully paid.

Your consent will not prevent you from filing a claim for refund (after you have paid the tax) if you later believe you are so entitled; nor prevent us from later determining, if necessary, that you owe additional tax; nor extend the time provided by law for either action.

If you later file a claim and the Service disallows it, you may file suit for refund in a District Court or in the United States Claims Court, but you may not file a petition with the United States Tax Court.

Who Must Sign:

If you filed jointly, both you and your spouse must sign. Your attorney or agent may sign this waiver provided that action is specifically authorized by a power of attorney which, if not previously filed, must accompany this form.

If this waiver is signed by a person acting in a fiduciary capacity (for example, an executor, administrator, or a trustee), Form 56, Notice Concerning Fiduciary Relationship, should, unless previously filed, accompany this form.

Optional Paragraphs

A check in the block to the left of a paragraph below indicates that the paragraph applies to your situation.

☐ The amount shown as the deficiency may not be billed, since all or part of the refund due has been held to offset all or a portion of the amount of the deficiency. The amount that will be billed, if any, is shown on the attached examination report.

☐ The amount shown as a deficiency may not be billed, since the refund due will be reduced by the amount of the deficiency. The net refund due is shown on the attached examination report.

Sender GLP

www.irs.gov

Form 5564-A (Rev 10-199)

Form **4549-A**
(Rev. March 2005)Department of the Treasury-Internal Revenue Service
Income Tax Discrepancy AdjustmentsPage 1 of 2

Name and Address of Taxpayer

Thomas J. Gonzales
134 Lakes Blvd.
Dayton NV 89403Taxpayer Identification Number
545-13-6755Return Form No.:
1040Person with whom
examination
changes were
discussed.Name and Title:
Thomas J. Gonzales**1. Adjustments to Income**

- a. Capital Gain or Loss
- b. Itemized Deductions
- c. State Tax Refund
- d.
- e.
- f.
- g.
- h.
- i.
- j.
- k.
- l.
- m.
- n.
- o.
- p.

Period End
12/31/2006Period End
12/31/2001

Period End

130,931,487.00

452,182.00

1,986,369.00

143,773.00

2. Total Adjustments**3. Taxable Income Per Return or as Previously Adjusted**

131,383,669.00

157,644.00

2,130,142.00

(8,757,573.00)

4. Corrected Taxable IncomeTax Method
Filing Status

131,541,313.00

SCHEDULE D

Single

(6,627,431.00)

TAX TABLE

Single

26,406,046.00

0.00

0.00

5. Tax**6. Additional Taxes / Alternative Minimum****7. Corrected Tax Liability****8. Less**

- a.
- b. Credits
- c.
- d.

26,406,046.00

0.00

9. Balance (Line 7 less total of Lines 8a thru 8d)

26,406,046.00

0.00

- 10. Plus
- Other
- Taxes
- a.
- b.
- c.
- d.

11. Total Corrected Tax Liability (Line 9 plus Lines 10a thru 10d)**12. Total Tax Shown on Return or as Previously Adjusted**

26,406,046.00

0.00

13. Adjustments to:

- a.
- b.
- c.

174,211.00

0.00

**14. Deficiency-Increase in Tax or (Overassessment - Decrease in Tax)
(Line 11 less Line 12 adjusted by Lines 13a thru 13d)**

26,231,835.00

0.00

15. Adjustments to Prepayment Credits-Increase (Decrease)**16. Balance Due or (Overpayment) - (Line 14 adjusted by Line 15)
(Excluding interest and penalties)**

26,231,835.00

0.00

Catalog Number 23110T

www.irs.gov

Form 4549-A (Rev. 3-2005)

Form 4549-A (Rev. March 2005)		Department of the Treasury-Internal Revenue Service Income Tax Discrepancy Adjustments		Page <u>2</u> of <u>2</u>	
Name of Taxpayer Thomas J. Gonzales		Taxpayer Identification Number 545-13-6755		Return Form No.: 1040	
17. Penalties/ Code Sections		Period End 12/31/2006	Period End 12/31/2001	Period End	
a. Accuracy-IRC 6662		5,246,367.00			
b.					
c.					
d.					
e.					
f.					
g.					
h.					
i.					
j.					
k.					
l.					
m.					
n.					
18. Total Penalties		5,246,367.00			
Underreporter attributable to negligence: (1981-1987) A tax addition of 50 percent of the interest due on the underpayment will accrue until it is paid or assessed.					
Underreporter attributable to fraud: (1981-1987) A tax addition of 50 percent of the interest due on the underpayment will accrue until it is paid or assessed.					
Underreporter attributable to Tax Motivated Transactions (TMT). Interest will accrue and be assessed at 120% of underpayment rate in accordance with IRC 6621(c).		0.00	0.00		
19. Summary of Taxes, Penalties and Interest:					
a. Balance due or (Overpayment) Taxes - (Line 16, Page 1)		26,231,835.00	0.00		
b. Penalties (Line 18) - computed to 11/20/2006		5,246,367.00			
c. Interest (IRC § 6601) - computed to 12/20/2006		0.00	0.00		
d. TMT interest - computed to 12/20/2006 (on TMT underpayment)		0.00	0.00		
e. Amount due or refund - (sum of Lines a, b, c and d)		31,478,202.00	0.00		
Other information:					

Examiner's Signature: Name Paul Doerr		Employee ID: 68-11438	Office: Sacramento	Date: 11/20/2006
---	--	--------------------------	-----------------------	---------------------

The Internal Revenue Service has agreements with state tax agencies under which information about federal tax, including increases or decreases, is exchanged with the states. If this change affects the amount of your state income tax, you should amend your state return by filing the necessary forms.

You may be subject to backup withholding if you underreport your interest, dividend, or patronage dividend income you earned and do not pay the required tax. The IRS may order backup withholding (withholding of a percentage of your dividend and/or interest payments) if the tax remains unpaid after it has been assessed and four notices have been issued to you over a 120-day period.

Catalog Number 23110T

www.irs.gov

Form 4549-A (Rev. 3-2005)

Name of Taxpayer: Thomas J. Gonzales

Identification Number: 545-13-6755

Total

11/20/2006

7.20.00

2000 - FORM 6251 - ALTERNATIVE MINIMUM TAX COMPUTATION

1. Total Adjustments and Preferences	61,245.00
2. Tax Table Income (from Form 1040, line 37)	131,541,313.00
3. Net Operating Loss Deduction	0.00
4. Itemized Deduction Limitation (from Schedule A Worksheet)	(\$36,389.00)
5. Combine lines 1 through 4	131,566,169.00
6. Alternative Tax Net Operating Loss Deduction	0.00
7. Alternative Minimum Taxable Income	131,566,169.00
8. Exemption Amount	0.00
9. Subtract line 8 from line 7 (If 0 or less, enter 0)	131,566,169.00
10. If line 9 is \$175,000 or less (\$87,500 or less if married filing separate) multiply line 9 by 26%	26,360,748.00
11. Alternative Minimum Tax Foreign Tax Credit	0.00
12. Tentative Minimum Tax (Subtract 11 from 10)	26,360,748.00
13. Regular Tax Before Credits (less Foreign Tax Credit)	26,406,046.00
14. Alternative Minimum Tax (before credit)	0.00
15. Empowerment Zone Employment Credit	0.00
16. Net Alternative Minimum Tax (line 14 less line 15)	0.00

EXEMPTION WORKSHEET (Line 8)

A. Exemption amount based on filing status	33,750.00
B. Alternative Minimum Taxable Income (line 7)	131,566,169.00
C. Enter \$112,500 (\$150,000 if married filing jointly or qualifying widow(er), \$75,000 if married filing separate)	112,500.00
D. Subtract line C from line B	131,453,669.00
E. Multiply line D by 25%	32,863,417.00
F. Subtract line E from line A (If zero or less, enter 0)	0.00

Name of Taxpayer: Thomas J. Gonzales

Identification Number: 545-13-6755

Total

11/20/2006

7.20.00

2000 - FORM 6251 - CONTINUATION, USING MAXIMUM CAPITAL GAINS RATES
COMPUTATION OF LINE 10 WHEN SCHEDULE D IS COMPLETED

1. Amount from Form 6251 Report, line 9	131,566,169.00
2. Amount from Schedule D Report, line 22 (refigured for AMT)	130,928,487.00
3. Amount from Schedule D Report, line 20 (refigured for AMT)	0.00
4. Add line 2 and 3	130,928,487.00
5. Amount from Schedule D Report, line 17 (refigured for AMT)	130,928,487.00
6. Smaller of line 4 or line 5	
7. Subtract line 6 from line 1	130,928,487.00
8. If line 7 is \$175,000 or less (\$87,500 if MFS) multiply line 7 by 26%. Otherwise, multiply line 7 by 28% and subtract \$3,500 (\$1,750 if MFS) from result	637,682.00
9. Amount from Schedule D Report, line 31	175,051.00
10. Smallest of line 1, 2, or line 9	0.00
	0.00
11. Multiply line 10 by 10%	
12. Smaller of line 1 or line 2	0.00
13. Amount from line 10	130,928,487.00
14. Subtract line 13 from line 12 (not less than 0)	0.00
	130,928,487.00
15. Multiply line 14 by 20%	
16. Amount from line 1	26,185,697.00
17. Add lines 7, 10, and 14	131,566,169.00
18. Subtract line 17 from line 16	131,566,169.00
	0.00
19. Multiply line 18 by 25%	
20. Add lines 8, 11, 15, and 19	0.00
21. If line 1 is \$175,000 or less (\$87,500 if MFS) multiply line 1 by 26%. Otherwise, multiply line 1 by 28% and subtract \$3,500 (\$1,750 if MFS) from result	26,360,748.00
	36,835,027.00
22. Smaller of line 20 or 21, enter here and on line 10 of Form 6251 Report	26,360,748.00

Name Of Taxpayer: Thomas J. Gonzales
 Identification Number: 545-13-6755

Total

11/20/2006
 7.20.00

2000 - SCHEDULE A - ITEMIZED DEDUCTIONS

	PER RETURN	PER EXAM	ADJUSTMENT
1. Medical, dental and insurance premiums	0.00	0.00	0.00
2. 7.50% of Adjusted Gross Income	46,419.00	9,866,281.00	
3. Net Medical and Dental Expense	0.00	0.00	0.00
4. Taxes	34,345.00	34,345.00	0.00
5. Home Interest Expense	0.00	0.00	0.00
6. Investment Interest	0.00	0.00	0.00
7. Other Interest Expense	141.00	141.00	0.00
8. Total Interest Expense	141.00	141.00	0.00
9. Contributions	11,000.00	11,000.00	0.00
10. Casualty and theft Losses	0.00	0.00	0.00
11. Miscellaneous deductions subject to AGI limit	442,870.00	442,870.00	0.00
12. 2.00% of Adjusted Gross Income	12,378.00	2,631,008.00	
13. Excess Miscellaneous deductions	430,492.00	0.00	430,492.00
14. Other Miscellaneous deductions	0.00	0.00	0.00
15. Total Itemized deductions (Sum of Lines 3, 4, 8, 9, 10, 13, and 14 less any applicable limitation)	461,279.00	9,097.00	452,182.00

ITEMIZED DEDUCTIONS WORKSHEET - PER EXAM

A. Total of lines 3, 4, 8, 9, 10, 13, and 14	
B. Total of lines 3, 8, 10, (plus any gambling losses included on line 14)	45,486.00
C. Line A less Line B	0.00
D. Multiply the amount on line C by 80%	45,486.00
E. Adjusted Gross Income from Form 1040	36,389.00
F. Itemized Deduction Limitation	131,550,410.00
G. Line E less Line F	128,950.00
H. Multiply the amount on Line G by 3%	131,421,460.00
I. Enter the smaller of Line D or Line H	3,942,644.00
J. Total Itemized Deductions (entered on line 15 above)	36,389.00
	9,097.00

Name Of Taxpayer: Thomas J. Gonzales
 Identification Number: 545-13-6755

Total

11/20/2006
 7.20.00

2001 - SCHEDULE A - ITEMIZED DEDUCTIONS

	PER RETURN	PER EXAM	ADJUSTMENT
1. Medical, dental and insurance premiums	0.00	0.00	0.00
2. 7.50% of Adjusted Gross Income	0.00	0.00	0.00
3. Net Medical and Dental Expense	0.00	0.00	0.00
4. Taxes	203,555.00	203,555.00	0.00
5. Home Interest Expense	6,418.00	6,418.00	0.00
6. Investment Interest	0.00	0.00	0.00
7. Other Interest Expense	141.00	141.00	0.00
8. Total Interest Expense	6,559.00	6,559.00	0.00
9. Contributions	0.00	0.00	0.00
10. Casualty and theft Losses	0.00	0.00	0.00
11. Miscellaneous deductions subject to AGI limit	1,986,369.00	0.00	1,986,369.00
12. 2.00% of Adjusted Gross Income	0.00	0.00	0.00
13. Excess Miscellaneous deductions	1,986,369.00	0.00	1,986,369.00
14. Other Miscellaneous deductions	0.00	0.00	0.00
15. Total itemized deductions (Sum of Lines 3, 4, 8, 9, 10, 13, and 14 less any applicable limitation)	2,196,483.00	210,114.00	1,986,369.00

ITEMIZED DEDUCTIONS WORKSHEET - PER EXAM

A. Total of lines 3, 4, 8, 9, 10, 13, and 14	
B. Total of lines 3, 6, 10, (plus any gambling losses included on line 14)	210,114.00
C. Line A less Line B	0.00
D. Multiply the amount on line C by 80%	210,114.00
E. Adjusted Gross Income from Form 1040	168,091.00
F. Itemized Deduction Limitation	(6,414,417.00)
G. Line E less Line F	132,950.00
H. Multiply the amount on Line G by 3%	0.00
I. Enter the smaller of Line D or Line H	0.00
J. Total Itemized Deductions (entered on line 15 above)	0.00
	210,114.00

Name of Taxpayer: Thomas J. Gonzales
 Identification Number: 545-13-6755

Total

11/20/2006
 7.20.00

2000 - SCHEDULE D - CAPITAL GAINS AND LOSSES

1. Short-term capital gain or loss	(1,593,009.00)
2. Short-term capital loss carryover	0.00
3. Net Short-term Gain or Loss (Add line 1 and 2)	(1,593,009.00)
4. Long-term capital gain or loss	132,521,496.00
5. Long-term capital gain or loss carryover	0.00
6. Net long-term Gain or Loss (Add line 4 and 5)	132,521,496.00
7. Sum of lines 3 and 6 - Net Capital Gain or Loss	130,928,487.00
8. Capital loss limitation	0.00
9. Capital Gain or Loss - As Corrected	130,928,487.00
10. Capital Gain or Loss - Per Return	(3,000.00)
11. Line 9 less line 10 - Adjustment to Income	130,931,487.00

CORRECTED CARRYOVER

12. Short-term Carryover to Subsequent Year	0.00
13. Long-term Carryover to Subsequent Year	0.00

COMPUTATION OF ALTERNATE TAX

14. Taxable Income	131,541,313.00
15. Smaller of line 6 or line 7	130,928,487.00
16. Form 4952, line 4e	0.00
17. Subtract line 16 from line 15	130,928,487.00
18. Combine line 3 and Total 28% Rate Gain (not less than 0)	0.00
19. Smaller of line 18 and Total 28% Rate Gain	0.00
20. Unrecaptured Section 1250 Gain	0.00
21. Add line 19 and 20	0.00
22. Subtract line 21 from line 17 (not less than 0)	130,928,487.00
23. Subtract line 22 from line 14 (not less than 0)	612,826.00
24. Smaller of line 14 or 26,250.00	26,250.00
25. Smaller of line 23 or line 24	26,250.00
26. Subtract line 17 from line 14 (not less than 0)	612,826.00
27. Larger of line 25 or line 26	612,826.00
28. Tax on amount on line 27	220,349.00
29. Amount from line 24	26,250.00
30. Amount from line 23	612,826.00
31. Subtract line 30 from line 29 (not less than 0)	0.00
32. Multiply line 31 by 10%	0.00
33. Smaller of line 14 or line 22	130,928,487.00
34. Amount from line 31	0.00
35. Subtract line 34 from line 33 (not less than 0)	130,928,487.00
36. Multiply line 35 by 20%	26,185,697.00
37. Smaller of line 17 or line 20	0.00
38. Add lines 17 and 27	131,541,313.00
39. Amount from line 14	131,541,313.00
40. Subtract line 39 from line 38	0.00
41. Subtract line 40 from line 37	0.00
42. Multiply line 41 by 25%	0.00
43. Amount from line 14	131,541,313.00
44. Add lines 27, 31, 35, and 41	131,541,313.00
45. Subtract line 44 from line 43	0.00
46. Multiply line 45 by 28%	0.00
47. Add lines 28, 32, 36, 42, and 46 - Alternative Tax	26,406,046.00

Name of Taxpayer: Thomas J. Gonzales
 Identification Number: 545-13-6755

Total

11/20/2006
 7.20.00

2001 - SCHEDULE D - CAPITAL GAINS AND LOSSES

1. Short-term capital gain or loss	(174,559.00)
2. Short-term capital loss carryover	0.00
3. Net Short-term Gain or Loss (Add line 1 and 2)	(174,559.00)
4. Long-term capital gain or loss	5,682.00
5. Long-term capital gain or loss carryover	0.00
6. Net long-term Gain or Loss (Add line 4 and 5)	5,682.00
7. Sum of lines 3 and 6 - Net Capital Gain or Loss	(168,877.00)
8. Capital loss limitation	(3,000.00)
9. Capital Gain or Loss - As Corrected	(3,000.00)
10. Capital Gain or Loss - Per Return	(3,000.00)
11. Line 9 less line 10 - Adjustment to Income	0.00

CORRECTED CARRYOVER

12. Short-term Carryover to Subsequent Year	(168,877.00)
13. Long-term Carryover to Subsequent Year	0.00

COMPUTATION OF ALTERNATIVE TAX

14. Unrecaptured 1250 gain	0.00
15. Taxable Income	(6,627,431.00)
16. Smaller of line 6 or line 7	(168,877.00)
17. Form 4952, line 4e	2,499,876.00
18. Subtract line 17 from line 16 (not less than 0)	0.00
19. Subtract line 18 from line 15 (not less than 0)	0.00
20. Tax on the amount on line 19	0.00
21. Smaller of line 15 or	27,050.00
22. Amount from line 19	0.00
23. Subtract line 22 from line 21 (not less than 0)	0.00
24. Qualified 5-year gain	0.00
25. Smaller of line 23 or line 24	0.00
26. Multiply line 25 by 8%	0.00
27. Subtract line 25 from line 23	0.00
28. Multiply line 27 by 10%	0.00
29. Smaller of line 15 or line 18	0.00
30. Amount from line 23	0.00
31. Subtract line 30 from line 29 (not less than 0)	0.00
32. Multiply line 31 by 20%	0.00
33. Alternative Tax, sum of lines 20, 26, 28, and 32	0.00

Total		Page of	
Taxpayer:	Thomas J. Gonzales	Tax Period(s):	200012
TIN:	545-13-6755		

Accuracy-Related Penalties under IRC 6662

20 Percent Penalty – Internal Revenue Code Section 6662(a)

It has been determined that the underpayment of tax shown on line 7 below is attributable to one or more of the following:

- (1) Negligence or disregard of rules or regulations;
- (2) Substantial understatement of income tax;
- (3) Substantial valuation misstatement (overstatement).

Therefore, an addition to tax is imposed as provided by Section 6662(a) of the Internal Revenue Code.

1. Total Underpayment	
2. Less: Underpayment attributable to non-penalty issues	26,231,835.00
3. Less: Underpayment attributable to Section 6662A penalty issues	0.00
4. Less: Underpayment attributable to Section 6662(h) penalty issues	0.00
5. Less: Underpayment attributable to civil fraud penalty issues	0.00
6. Less: Allocable prepayment credits	0.00
7. Underpayment to which Section 6662(a) applies (Line 1 less the sum of lines 2, 3, 4, 5, and 6)	26,231,835.00
8. Applicable penalty rate	20.00%
9. Section 6662(a) accuracy-related penalty (Line 7 times line 8)	5,246,367.00
10. Less: Previously assessed/previously agreed Section 6662(a) accuracy-related penalty	0.00
11. Total section 6662(a) accuracy-related penalty (Line 9 less line 10)	5,246,367.00

40 Percent Penalty – Internal Revenue Code Section 6662(h)

It has been determined that the underpayment of tax shown on line 7 below is attributable to a gross valuation misstatement (overstatement). Therefore, an addition to tax is imposed as provided by Section 6662(h) of the Internal Revenue Code.

1. Total Underpayment	
2. Less: Underpayment attributable to non-penalty issues	26,231,835.00
3. Less: Underpayment attributable to Section 6662A penalty issues	0.00
4. Less: Underpayment attributable to Section 6662(a) penalty issues	0.00
5. Less: Underpayment attributable to civil fraud penalty issues	26,231,835.00
6. Less: Allocable prepayment credits	0.00
7. Underpayment to which Section 6662(h) applies (Line 1 less the sum of lines 2, 3, 4, 5, and 6)	0.00
8. Applicable penalty rate	40.00%
9. Section 6662(h) accuracy-related penalty (Line 7 times line 8)	0.00
10. Less: Previously assessed/previously agreed Section 6662(h) accuracy-related penalty	0.00
11. Total section 6662(h) accuracy-related penalty (Line 9 less line 10)	0.00

Form 886A	Department of the Treasury - Internal Revenue Service Explanation of Items	Schedule No. or Exhibit
Name of Taxpayer		Year/Period Ended
Thomas J Gonzales, Decd		2000-12 & 2001-12

Line Item 1.a. on Form 4549A - Capital Gain or Loss

Year	Per Return	Per Exam	Adjustment
2000	(\$3,000)	\$130,928,487	\$130,931,487

A. It has been determined that the capital loss for taxable year 2000 from the acquisition and disposition of U.S. Treasury Bonds is disallowed because the amount realized on the disposition of the U.S. Treasury Bonds is equal to the basis in the U.S. Treasury bonds. See Exhibit A. (Sch. D worksheet)

The bases for our determination reflected in 1.a.A. are as follows:

1. It is determined that you are not entitled to the loss claimed because the amount you realized from the disposition of your purported interest in the U.S. Treasury bonds was not less than your basis in that interest. Under § 1.1001-2(a) of the Income Tax Regulations, the amount realized from the disposition of your purported interest in the U.S. Treasury bonds includes the amount of the purported liabilities from which you were relieved as a result of the disposition. The amount of the purported liabilities from which you were relieved is not limited to the face amount (or stated principal amount) of the Note. Rather, the amount of the purported liabilities from which you were relieved, which is included in your amount realized, is generally equal to the issue price (or adjusted issue price) of the Note. (See § 1273(b)3) and § 1.1275-1(b) to determine the issue price and adjusted issue price of the Note.) As a result, you did not realize a loss in the amount claimed on the disposition of your purported interest in the U.S. Treasury bonds because your amount realized was approximately equal to your basis in that interest.
2. It is determined that you have not established that you are entitled to the loss claimed under the Internal Revenue Code and regulations thereunder, including but not limited to § 165 and § 465.

Form 886A	Department of the Treasury - Internal Revenue Service	Schedule No. or Exhibit
Explanation of Items		Year/Period Ended
Name of Taxpayer		2000-12 & 2001-12
Thomas J Gonzales, Decd		

3. It is determined that you have not established that the transfer of your purported interest in the U.S. Treasury bonds was a taxable transaction.
4. It is determined that the transactions giving rise to the claimed loss are not respected for federal income tax purposes because they lack economic substance.
5. It is determined that the substance of the underlying transactions, as opposed to the form, does not entitle you to the claimed loss.

B. In addition you have failed to establish the claimed losses for the following items: Xingmail, Swing solutions and Auto Parts, etc.

We have also adjusted the amount of your capital loss carryover to the 2001 tax year as shown in the following computation: See attached Exhibit B. (Sch D. Worksheet).

Short-term Capital Loss Carryover Available for subsequent years:

Carryover per 2001 tax return	\$11,070,513
As corrected, carryover amount	-0-
Adjustment	\$11,070,513

Line Item 1.b. on Form 4549A - Itemized Deductions

Year	Per Return	Per Exam	Adjustment
2000	\$461,279	\$9,097	\$452,182
2001	\$2,196,483	\$210,114	\$1,986,369

We have adjusted your itemized deductions as shown in the accompanying computations. Exhibits C and D. (Sch. A worksheets)

In 2001 you have failed to substantiate the claimed \$1,986,369 of miscellaneous expenses.

Overall Limitation: An individual whose adjusted gross income exceeds a threshold amount must reduce the amount of allowable

Form 886A	Department of the Treasury - Internal Revenue Service	
Name of Taxpayer	Explanation of Items	Schedule No. or Exhibit
Thomas J Gonzales, Decd		Year/Period Ended
		2000-12 & 2001-12

itemized deductions by three percent of the excess over the threshold amount. The 2000 threshold is \$128,950 for filing status single. The 2001 threshold is \$132,950 for filing status single.

Line Item 1.c. on Form 4549A - State Tax Refund

Year	Per Return	Per Exam	Adjustment
2001	(\$143,773)	\$0	\$143,773

The deduction claimed for State Tax Refund is not applicable due to the adjustments in this report.

Line Item 6. on Form 4549A - Alternative Minimum Tax

Year	Per Return	Per Exam	Adjustment
2000	\$78,993	\$0	(\$78,993)

Due to the adjustments in this report AMT is not applicable in 2000. See Exhibit E. (AMT Computation Worksheet)

Line Item 17.a on Form 4549A Accuracy-related Penalty

Year	Penalty
2000	\$5,246,367

Since the underpayment of tax required to be showed on the returns for the taxable year 2000 is attributable to negligence or disregard of rules and regulations and is a substantial understatement of tax, an accuracy-related penalty is charged for the taxable year 2000, as provided by section 6662(a) of the Internal Revenue Code. See Exhibits F. (Accuracy Related Worksheet)

It should not be inferred by the determination of the Accuracy-Related Penalty in this notice that fraud penalties will not be sought on any portion an underpayment subsequently determined to be attributable to fraud or that prosecution for criminal offenses will not be sought under Internal Revenue Code Section 7201, 7206 or other provisions of federal law if determined to be appropriate.



Department of the Treasury
Internal Revenue Service

Helpful Contacts for Your "Notice of Deficiency"

Notice 1214 (Rev. 4-2)
Catalog Number 26

Do you have questions/concerns about this "Notice of Deficiency?" First contact the person whose name and telephone number appear at the top of your letter. This person can directly access your tax information and help you get answers.

Do you want assistance by a Taxpayer Advocate? This assistance is not a substitute for established IRS procedures, formal Appeals processes, etc. The Taxpayer Advocate cannot reverse legal or technically correct tax determinations, nor extend the time allowed by law to file a petition in the U.S. Tax Court. However, the Taxpayer Advocate can give your tax matter proper and prompt handling when unresolved through normal channels. You can call toll-free 1-877-777-4778 and ask for Taxpayer Advocate assistance, or call the telephone number of the Taxpayer Advocate for the IRS office listed below that issued this "Notice of Deficiency."

ALABAMA
Birmingham Office
Taxpayer Advocate
1 Tom Martin Dr.
Birmingham, AL 35211
(205) 912-5631

ALASKA
Anchorage Office
Taxpayer Advocate
949 East 36th Ave., Stop A-405
Anchorage, AK 99508
(907) 271-6877

ARIZONA
Phoenix Office
Taxpayer Advocate
210 E. Earll Drive, Stop 1005-PHX
Phoenix, AZ 85012
(602) 207-8240

ARKANSAS
Little Rock Office
Taxpayer Advocate
700 West Capitol St., Stop 1005-LIT
Little Rock, AR 72201
(501) 324-6269

CALIFORNIA
Anaheim Office
Taxpayer Advocate
100 Avila Road-Room 3362
Anaheim, CA 92677
(714) 389-4804

ANGEL
Los Angeles Office
Taxpayer Advocate
5710 Room 5109
Los Angeles, CA 90012
(760) 3140

Oakland Office
Taxpayer Advocate
1301 Clay St. # 1540S
Oakland, CA 94612
(510) 637-2703

Sacramento Office
Taxpayer Advocate
4330 Watt Ave.
N. Highlands, CA 95660
(916) 974-5007

San Jose Office
Taxpayer Advocate
55 S. Market St., Stop HQ000-4
San Jose, CA 95113
(408) 817-6850

COLORADO
Denver Office
Taxpayer Advocate
600 17th St., Stop 1005-DEN
Denver, CO 80202-2490
(303) 446-1012

CONNECTICUT
Hartford Office
Taxpayer Advocate
135 High St., Stop 219
Hartford, CT 06103
(860) 756-4555

DELAWARE
Wilmington Office
Taxpayer Advocate
409 Silverside Rd.
Wilmington, DE 19809
(302) 791-4502

DISTRICT OF COLUMBIA
Baltimore Office
Taxpayer Advocate
31 Hopkins Plaza Room 940
Baltimore, MD 21201
(410) 962-2082

FLORIDA
Ft. Lauderdale Office
Taxpayer Advocate
7850 SW 6th Court
Plantation, FL 33324
(954) 423-7677

Jacksonville Office
Taxpayer Advocate
841 Prudential Dr., Suite 100
Stop: TA/SE/INT-JAX
Jacksonville, FL 32207
(904) 665-1000

GEORGIA
Atlanta Office
Taxpayer Advocate
401 W. Peachtree St., NW,
Summit Building
Stop 202-D
Atlanta, GA 30308
(404) 338-8099

HAWAII
Honolulu Office
Taxpayer Advocate
Stop H-405
300 Ala Moana Blvd., #50089
Honolulu, HI 96850
(808) 539-2870

IDAHO
Boise Office
Taxpayer Advocate
550 West Fort St., Box 041
Boise, ID 83724
(208) 334-1324

ILLINOIS
Chicago Office
Taxpayer Advocate
230 S. Dearborn St.
Stop 1005-CHI
Chicago, IL 60604
(312) 566-3800

Springfield Office
Taxpayer Advocate
320 W. Washington St.
Stop 1005-SPD
Springfield, IL 62701
(217) 527-6382

INDIANA
Indianapolis Office
Taxpayer Advocate
575 N. Pennsylvania St., Stop TA770
Indianapolis, IN 46204
(317) 226-6332

IOWA
Des Moines Office
Taxpayer Advocate
210 Walnut St., Stop 1005-DSM
Des Moines, IA 50309
(515) 284-4780

KANSAS
Wichita Office
Taxpayer Advocate
271 W. 3rd St., North
Stop 1005-WIC
Wichita, KS 67202
(316) 352-7506

KENTUCKY
Louisville Office
Taxpayer Advocate
600 Dr. M.L.K. Jr. Plaza
Federal Building-Room 622
Louisville, KY 40202
(502) 582-6030

LOUISIANA
New Orleans Office
Taxpayer Advocate
600 South Maestri Pl., Stop 2
New Orleans, LA 70130
(504) 558-3001

MAINE
Augusta Office
Taxpayer Advocate
68 Sewall St., Room 313
Augusta, ME 04330
(207) 622-8528

MARYLAND
Baltimore Office
Taxpayer Advocate
31 Hopkins Plaza Room 940
Baltimore, MD 21201
(410) 962-2082

MASSACHUSETTS
Boston Office
Taxpayer Advocate
25 New Sudbury St.
Boston, MA 02203
(617) 316-2690

MICHIGAN
Detroit Office
Taxpayer Advocate
McNamara Federal Building
477 Michigan Ave. - Room 1745
Detroit, MI 48226
(313) 628-3670

MINNESOTA
St. Paul Office
Taxpayer Advocate
Stop 1005-STP
316 North Robert St.
St. Paul, MN 55101
(651) 312-7899



Department of the Treasury
Internal Revenue Service

Notice 1214 (Rev. 4-2003)
Catalog Number 261622

MISSISSIPPI

Jackson Office
Taxpayer Advocate
100 W. Capitol St., Stop JK31
Jackson, MS 39269
(601) 292-4800

MISSOURI

St. Louis Office
Taxpayer Advocate
Robert A. Young Building
1222 Spruce Street, Stop 1005-STL
St. Louis, MO 63103
(314) 612-4610

MONTANA

Helena Office
Taxpayer Advocate
10 West 15th St., Suite 2319
Helena, MT 59626
(406) 441-1022

NEBRASKA

Omaha Office
Taxpayer Advocate
1313 Farnam St., Stop 1005-OMA
Omaha, NE 68102
(402) 221-4181

NEVADA

Las Vegas Office
Taxpayer Advocate
4750 West Oakley Blvd.
Stop 1005-LVG
Las Vegas, NV 89102
(702) 455-1241

NEW HAMPSHIRE

Portsmouth Office
Taxpayer Advocate
Federal Office Building
40 Daniel St.
Portsmouth, NH 03801
(603) 433-0571

NEW JERSEY

Springfield Office
Taxpayer Advocate
956 S. Springfield Ave.
Springfield, NJ 07081
(973) 921-4043

NEW MEXICO

Albuquerque Office
Taxpayer Advocate
5338 Montgomery Blvd. N.E.
Stop 1005-ALB
Albuquerque, NM 87109
(505) 837-5505

NEW YORK

Albany Office
Taxpayer Advocate
Leo O'Brien Federal Building
1 Clinton Square
Albany, NY 12207
(518) 427-5413

Brooklyn Office

Taxpayer Advocate
10 Metro Tech Center
625 Fulton St.
Brooklyn, NY 11201
(718) 488-2080

Buffalo Office

Taxpayer Advocate
Como Park Blvd.
Buffalo, NY 14227
(716) 686-4850

Manhattan Office

Taxpayer Advocate
290 Broadway - 7th Floor
New York, NY 10007
(212) 436-1011

NORTH CAROLINA

Greensboro Office
Taxpayer Advocate
320 Federal Plaza, Room 125
Greensboro, NC 27401
(336) 378-2180

NORTH DAKOTA

Fargo Office
Taxpayer Advocate
657 2nd Ave. N., Stop 1005-FAR
Fargo, ND 58102
(701) 239-5141

OHIO

Cincinnati Office
Taxpayer Advocate
550 Main St., Room 3530
Cincinnati, OH 45202
(513) 263-3260

Cleveland Office

Taxpayer Advocate
1240 E. Ninth St., Room 423
Cleveland, OH 44199
(216) 522-7134

OKLAHOMA

Oklahoma City Office
Taxpayer Advocate
55 N. Robinson, Stop 1005-OKC
Oklahoma City, OK 73102
(405) 297-4055

OREGON

Portland Office
Taxpayer Advocate
1220 S.W. 3rd Ave., Stop O-405
Portland, OR 97204
(503) 326-2333

PENNSYLVANIA

Philadelphia Office
Taxpayer Advocate
600 Arch St., Room 7426
Philadelphia, PA 19106
(215) 861-1304

Pittsburgh Office

Taxpayer Advocate
1000 Liberty Ave., Room 1602
Pittsburgh, PA 15222
(412) 395-5987

RHODE ISLAND

Providence Office
Taxpayer Advocate
380 Westminster St.
Providence, RI 02903
(401) 525-4200

SOUTH CAROLINA

Columbia Office
Taxpayer Advocate
1835 Assembly St.
466
Columbia, SC 29201
(803) 253-3029

SOUTH DAKOTA

Aberdeen Office
Taxpayer Advocate
115 4th Ave. Southeast
Stop 1005-ABE
Aberdeen, SD 57401
(605) 226-7248

TENNESSEE

Nashville Office
Taxpayer Advocate
801 Broadway, Stop 22
Nashville, TN 37203
(615) 250-5000

TEXAS

Austin Office
Taxpayer Advocate
300 E. 8th St., Stop 1005-AUS
Austin, TX 78701
(512) 499-5875

Dallas Office

Taxpayer Advocate
1114 Commerce St
10th Floor MC1005
Dallas, TX 75242
(214) 413-6500

Houston Office

Taxpayer Advocate
1919 Smith St., Stop 1005-HOU
Houston, TX 77002
(713) 209-3660

UTAH

Salt Lake City Office
Taxpayer Advocate
50 South 200 East, Stop 1005-SLC
Salt Lake City, UT 84111
(801) 799-6958

VERMONT

Burlington Office
Taxpayer Advocate
Courthouse Plaza
199 Main St.
Burlington, VT 05401
(802) 860-2089

VIRGINIA

Richmond Office
Taxpayer Advocate
400 North 8th St., Room 916
Richmond, VA 23240
(804) 916-3501

WASHINGTON

Seattle Office
Taxpayer Advocate
915 2nd Ave., Stop W-405
Seattle, WA 98174
(206) 220-6037

WEST VIRGINIA

Parkersburg Office
Taxpayer Advocate
425 Juliana St.
Parkersburg, WV 26101
(304) 420-6616

WISCONSIN

Milwaukee Office
Taxpayer Advocate
310 West Wisconsin Ave.
Stop 1005-MIL
Milwaukee, WI 53203
(414) 297-3046

WYOMING

Cheyenne Office
Taxpayer Advocate
5353 Yellowstone Rd.
Stop 1005-CHE
Cheyenne, WY 82009
(307) 633-0800

**TAXPAYERS LIVING
ABROAD OR IN U.S.
TERRITORIES**

A/C International
Taxpayer Advocate
7 Tabonuco Street
San Patricio Office Building
Room 200
Guaynabo, Puerto Rico 00966
or
P.O. Box 193479
San Juan, Puerto Rico 00919-3479
(787) 622-8930 English
(787) 622-8940 Spanish

CENTERS

Andover Center
Taxpayer Advocate
P.O. Box 9055, Stop 121
Andover, MA 01810-9055
(978) 474-5549

Atlanta Center

Taxpayer Advocate
P.O. Box 48-549, Stop 29A
Doraville, GA 30362
(770) 936-4500

Austin Center

Taxpayer Advocate
P.O. Box 934, Stop 1005-AUSC
Austin, TX 78767
(512) 460-8300

Brookhaven Center

Taxpayer Advocate
P.O. Box 960, Stop 102
Holtsville, NY 11742
(631) 654-6686

Cincinnati Center

Taxpayer Advocate
P.O. Box 1235, Stop 11-G
Cincinnati, OH 45201-1235
(859) 669-5316

Fresno Center

Taxpayer Advocate
P.O. Box 12161, Stop 1394
Fresno, CA 93776
(559) 442-6400

Kansas City Center

Taxpayer Advocate
P.O. Box 24551
Stop 1005 - ROE
Kansas City, MO 64131
(816) 926-2493

Memphis Center

Taxpayer Advocate
P.O. Box 30309 AMF, Stop 13M
Memphis, TN 38130
(901) 395-1900

Ogden Center

Taxpayer Advocate
P.O. Box 1640
Stop 1005
Ogden, UT 84402
(801) 620-7168

Philadelphia Center

Taxpayer Advocate
P.O. Box 16053, DP #1300
Philadelphia, PA 19114
(215) 516-2499

EXHIBIT C

**Disclosure Initiative for
Certain Transactions
Resulting in Waiver of Certain
Penalties Under § 6662 of the
Internal Revenue Code**

Announcement 2002-2

The Internal Revenue Service (IRS) announces a disclosure initiative to encourage taxpayers to disclose their tax treatment of tax shelters and other items for which the imposition of the accuracy-related penalty may be appropriate if

there is an underpayment of tax. If a taxpayer discloses any item in accordance with the provisions of this announcement before April 23, 2002, the IRS will waive the accuracy-related penalty under § 6662(b)(1), (2), (3), and (4) for any underpayment of tax attributable to that item.

This disclosure initiative covers all items except items resulting from a transaction that (1) did not in fact occur, in whole or in part, but for which the taxpayer claimed a tax benefit on its return; (2) involved the taxpayer's fraudulent concealment of the amount or source of any item of gross income; (3) involved the taxpayer's concealment of its interest in, or signature or other authority over a financial account in a foreign country; (4) involved the taxpayer's concealment of a distribution from, a transfer of assets to, or that the taxpayer was a grantor of a foreign trust; or (5) involved the treatment of personal, household, or living expenses as deductible trade or business expenses.

SCOPE OF THE WAIVER

Under this disclosure initiative, the IRS will waive the accuracy-related penalty under § 6662(b) for that portion of an underpayment attributable to the disclosed item and due to one or more of the following: (1) negligence or disregard of rules or regulations; (2) any substantial understatement of income tax; (3) any substantial or gross valuation misstatement under chapter 1 of the Code, except for any portion of an underpayment attributable to a net § 482 transfer price adjustment, unless the standards of § 6662(e)(3)(B) regarding documentation are met; and (4) any substantial overstatement of pension liabilities.

Disclosure under this initiative does not affect whether the IRS will impose, as appropriate, any other civil penalty that may be applicable under the Code or will investigate any associated criminal conduct or recommend prosecution for violation of any criminal statute.

PERIOD OF DISCLOSURE

The IRS will waive the accuracy-related penalty if the taxpayer discloses the item before the earlier of (1) the date

the item or another item arising from the same transaction is an issue raised during an examination, or (2) April 23, 2002. For purposes of this disclosure initiative, an item is an issue raised during an examination if the person examining the return (the examiner) communicates to the taxpayer knowledge about the specific item or on or before December 21, 2001, the examiner has made a request to the taxpayer for information, and the taxpayer could not make a complete response to that request without giving the examiner knowledge of the specific item.

**INFORMATION REQUIRED TO
MAKE A DISCLOSURE**

To disclose an item under this initiative, a taxpayer must provide the following:

- (1) A statement describing the material facts of the item;
- (2) A statement describing the taxpayer's tax treatment of the item;
- (3) The taxable years affected by the item;
- (4) If the taxpayer is a Coordinated Industry Case (CIC) taxpayer, a statement that the taxpayer will agree to address the disclosed item under the Accelerated Issue Resolution process described in Rev. Proc. 94-67 (1994-2 C.B. 800) if requested to do so by the IRS;
- (5) The names and addresses of (a) any parties who promoted, solicited, or recommended the taxpayer's participation in the transaction underlying the item and who had a financial interest, including the receipt of fees, in the taxpayer's decision to participate, and (b) if known to the taxpayer, any parties who advised the promoter, solicitor or recommender with respect to that transaction;
- (6) A statement agreeing to provide, if requested, copies of all of the following:
 - (a) All transactional documents, including agreements, contracts, instruments, schedules, and, if the taxpayer's participation in the transaction was promoted, solicited or recommended by any other party, all material received from that other party or that party's advisor(s);

EXHIBIT

C

(b) All internal documents or memoranda used by the taxpayer in its decision-making process, including, if applicable, information presented to the taxpayer's board of directors; and

(c) All opinions and memoranda that provide a legal analysis of the item, whether prepared by the taxpayer or a tax professional on behalf of the taxpayer; and

(7) A penalty of perjury statement that the person signing the disclosure has examined the disclosure and that to the best of that person's knowledge and belief, the information provided as part of the disclosure contains all relevant facts and is true, correct, and complete. In the case of an individual taxpayer, the declaration must be signed and dated by the taxpayer, and not the taxpayer's representative. In the case of a corporate taxpayer, the declaration must be signed and dated by an officer of the corporate taxpayer who has personal knowledge of the facts. If the corporate taxpayer is a member of an affiliated group filing consolidated returns, a penalties of perjury statement also must be signed, dated, and submitted by an officer of the common parent of the group. The person signing for a trust, a state law partnership, or a limited liability company must be, respectively, a trustee, general partner, or member-manager who has personal knowledge of the facts. A stamped signature is not permitted.

PROCEDURE FOR MAKING THE DISCLOSURE

A CIC taxpayer must submit the disclosure information to the assigned team manager and send a copy of the information to the Office of Tax Shelter Analysis.

A non-CIC taxpayer not under examination as of December 21, 2001, must send the disclosure information to the Office of Tax Shelter Analysis.

A non-CIC taxpayer under examination as of December 21, 2001, must submit the disclosure information to the examiner and send a copy of the information to the Office of Tax Shelter Analysis.

The address for the Office of Tax Shelter Analysis is LM:PFTG:OTSA, 1111 Constitution Ave, NW, Washington, DC 20224.

MISCELLANEOUS

The IRS is committed to considering and resolving disclosed items promptly. A taxpayer's disclosure of an item creates no inference that the taxpayer's tax treatment of the item was improper or that the accuracy-related penalty would apply if there is an underpayment of tax. Furthermore, taxpayers that do not disclose under this initiative are not prevented from demonstrating that they satisfy the reasonable cause exception under § 6664(c) and the regulations thereunder with respect to any portion of an underpayment of tax.

PAPERWORK REDUCTION ACT

The collection of information contained in this announcement has been reviewed and approved by the Office of Management and Budget in accordance with the Paperwork Reduction Act (44 U.S.C. § 3507) under control number 1545-1764. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection of information displays a valid OMB control number.

The collection of information in this announcement is in the section titled **INFORMATION REQUIRED TO MAKE A DISCLOSURE**. This information is required to assess the item the taxpayer is disclosing under the initiative. This information will be used to determine whether the taxpayer has reported the disclosed item properly for income tax purposes. The collection of information is required to obtain the benefit described in this announcement. The likely respondents are businesses or other for-profit institutions, small businesses or organizations, and individuals.

The estimated total annual reporting burden is 450 hours.

The estimated annual burden per respondent varies from 2 hours to 4 hours, depending on individual circumstances, with an estimated average of 3 hours. The estimated number of respondents is 150.

The estimated frequency of responses is one time per respondent.

Books or records relating to a collection of information must be retained as long as their contents may become material in the administration of any internal revenue law. Generally tax returns and tax return information are confidential, as required by 26 U.S.C. § 6103.

CONTACT INFORMATION

For further information regarding this announcement, contact Jozef Chilinski of the Office of Tax Shelter Analysis at (202) 283-8425 (not a toll-free call).

EXHIBIT D-1

April 22, 2002

Via Certified Mail
Return Receipt Requested

Internal Revenue Service
Office of Tax Shelter Analysis
LM:PFTG:OTSA
1111 Constitution Avenue N.W.
Washington, D.C. 20224

Re: Announcement 2002-2 Disclosure Initiative
~~Tom Gonzales~~ (as Personal Representative
for Thomas J. Gonzales, II)
Post Office Box 8486
Incline Village, NV 89452
SSN: 545-13-6755

Dear Sir or Madam:

This letter constitutes disclosure with respect to Thomas J. Gonzales, II ("Taxpayer"), now deceased, pursuant to Announcement 2002-2 (the "Announcement").

The Taxpayer's personal representative and trustee of the Taxpayer's Administrative Trust desire to participate in the disclosure initiative offered in Announcement 2002, 2002-2 Internal Revenue Bulletin. The following information is provided solely in exchange for a waiver of all (2), (3) and (4), or otherwise, for any underpayment of tax attributable to the item which is the subject of this disclosure. The Taxpayer's personal representative and trustee of the Taxpayer's Administrative Trust believes that the item disclosed herein was properly reported for income tax purposes and does not waive any rights with respect to the item. In any event, the undersigned has advised and does not believe that an accuracy-related penalty would apply to this transaction. The Taxpayer filed all required returns through calendar year 2000.

Pursuant to the Announcement, the Taxpayer's personal representative and trustee of the Taxpayer's Administrative Trust hereby provides the following information:

1. **Material Facts.**

The Taxpayer participated in an investment transaction pursuant to which he acquired certain U.S. Treasury bonds for which a public market exists using a premium loan financing arrangement. The Taxpayer later sold the U.S. Treasury bonds in a taxable transaction, subject to the premium loan indebtedness, to a third party, reporting

EXHIBIT

D-1

Internal Revenue Service
April 22, 2002
Page 2

as the amount realized the face amount of the premium loan indebtedness and other consideration received.

The purchase of the U.S. Treasury Bonds involved full economic risk and interest rate risk to the Taxpayer in accordance with market price movements (up or down) and the fluctuation in market interest rates. The Taxpayer would realize either profits or losses based upon the price movements of the Treasury bonds and the movement in the relevant interest rates. The Taxpayer at all times was subject to market risks for both reward and loss.

2. **Taxpayer's Treatment of the Foregoing Item.**

Taxpayer claimed a capital loss of approximately \$135 million on his tax return ended December 31, 2000 in connection with the above-described transactions.

3. **The Taxable Years Affected by the Item.**

The tax year affected by the above-referenced transaction is the Taxpayer's tax year ended December 31, 2000.

4. **Coordinated Industry Case.**

Taxpayer was not a coordinated industry case taxpayer.

5. **The Names and Addresses of Any Parties who Promoted, Solicited or Recommended the Taxpayer's Participation in the Transaction.**

The following firm provided investment advice and introduced Thomas J. Gonzales, II to the transaction:

Presidio Advisory Services
333 Hayes Street, Suite 200
San Francisco, CA 94102

The following law firm provided a detailed tax opinion letter supporting the tax treatment of the investment:

Olson Lemons LLC
2825 East Cottonwood Parkway
Suite 500
Salt Lake City, Utah 84121

6. **The Undersigned Shall Provide, if Requested, Copies of All of the Following:**

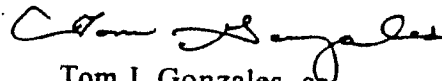
Internal Revenue Service
April 22, 2002
Page 3

- A. All transactional documents, including agreements, contracts, instruments, schedules, and, if the Taxpayer's participation in the transaction was promoted, solicited or recommended by any other party, all material received from that other party or that party's advisor(s);
- B. All internal documents or memoranda used by the Taxpayer in its decision-making process, including, if applicable, information presented to the Taxpayer's board of directors; and
- C. All opinions and memoranda that provide a legal analysis of the item, whether prepared by the Taxpayer or a tax professional on behalf of the Taxpayer.

7. **Statement.**

The undersigned is the personal representative of the estate of the Taxpayer and the trustee of the Taxpayer's Administrative Trust. Under penalties of perjury, the undersigned has examined the foregoing disclosure and to the best of the undersigned's knowledge and belief, the information provided as part of the disclosure contains all relevant facts and is true, correct and complete.

Sincerely,



Tom J. Gonzales, as
personal representative of
the estate of Thomas Gonzales, II,
and as trustee of the Administrative
Trust of Thomas Gonzales, II

Enclosure
2931810_1.DOC

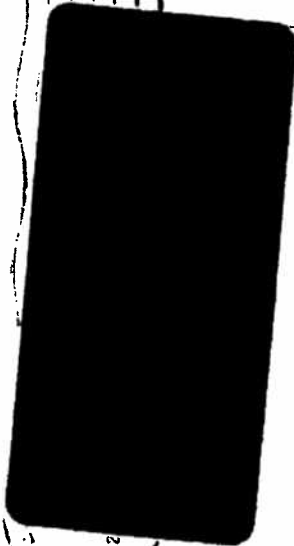
P.O. Box 8486
Incline Village, NV
89452

OK

CERTIFIED MAIL



7000 1670 0010 0115 6351



Internal Revenue Service
Office of Tax Shelter Analysis
LM:PFTG:OTSA
1111 Constitution Avenue N.W.
Washington, D.C. 20224

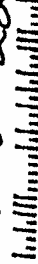


EXHIBIT D-2



DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

1891

August 14, 2002

Large and Mid-Size Business Division

MEMORANDUM FOR: **Joseph R Brimacombe, Deputy Director Compliance Policy**
S:C:SP

FROM:

David A. Harris
for **Frank Y. Ng, Director, Pre-Filing and Technical Guidance LM: PFT**

SUBJECT:

Disclosure under Announcement 2002-2

I am forwarding for your attention the attached Disclosure Statement of a potentially abusive Tax Shelter for taxpayer in your industry.

The disclosure indicates a transaction similar to a **100 - Unknown**, that has some of the characteristics of an abusive Tax Shelter. **Debbie Patel -Program Analyst**, has the coordination and assistance responsibility for this type of transaction. Please have your Team Manager responsible for this taxpayer, contact the **Debbie Patel -Program Analyst** at 202-283-8431.

Upon the assignment of these disclosures/cases, please provide the following information to the Office of Tax Shelter Analyst: Group Code and Manager, the Territory Code and Manager, and the Area Number and Director to which the case is assigned.

The UIL code for CEMIS, RGS or BNA reporting is **9300.99-00**, the AIMS source code is **17**, the AIMS project code is **270** (Disclosure initiative) and the ERCS/SETTS tracking code is **9685**.

The attached Disclosure Statement meets the requirements of the Announcement 2002-2. If complied with the remaining conditions of the Announcement 2002-2, the taxpayer qualifies for the waiver of the accuracy related penalties under § 6662.

If you have any questions concerning this matter, please contact Dave Harris, Manager, Office of Tax Shelter Analysis, at (202) 283-8386.

Attachments:

AD02-1291

cc: **Jonathan Zelnik**
Jo Ann Prager
Debbie Patel -Program Analyst
Manager (Sally Mann-Wolfe)



DECEASED (THOMAS J. GONZALES) 12/04/01

Department of the Treasury - Internal Revenue Service

FORM 1040X

Amended U.S. Individual Income Tax Return

OMB No. 1545-0091

(Rev. September 1998)

▶ See separate instructions.

This return is for calendar year ▶ 19 98 , OR fiscal year ended ▶ , 19 .

PLEASE PRINT

Your first name and initial THOMAS J. GONZALES	Last name	Your social security number 545-13-6755
If a joint return, spouse's first name and initial	Last name	Spouse's social security number
Home address (no. and street) or P.O. box if mail is not delivered to your home 134 LAKES BLVD	Apt. no.	Telephone number (optional)
City, town or post office, state, and ZIP code. If you have a foreign address, see page 2 of the instructions. DAYTON, NV 89403		For Paperwork Reduction Act Notice, see page 6.

- A** If the name or address shown above is different from that shown on the original return, check here ☒ Yes ☐ No
- B** Has the original return been changed or audited by the IRS or have you been notified that it will be? ☐ Yes ☒ No
- C** Filing status. Be sure to complete this line. **Note:** You cannot change from joint to separate returns after the due date.
- On original return ▶ ☒ Single ☐ Married filing joint return ☐ Married filing separate return ☐ Head of household ☐ Qualifying widow(er)
- On this return ▶ ☒ Single ☐ Married filing joint return ☐ Married filing separate return ☐ Head of household ☐ Qualifying widow(er)
- * If the qualifying person is a child but not your dependent, see page 2.

USE PART II ON BACK TO EXPLAIN ANY CHANGES

Income and Deductions (see instructions)		A. Original amount or as previously adjusted (see page 2)	B. Net change - amount of increase or (decrease) - explain in Part II	C. Correct amount
1	Adjusted gross income (see page 3)	117,138	-8,732,673	-8,615,535
2	Itemized deductions or standard deduction (see page 3)	54,027	-3,000	51,027
3	Subtract line 2 from line 1	63,111	-8,729,673	-8,666,562
4	Exemptions. If changing, fill in Parts I and II on back	2,700		2,700
5	Taxable income. Subtract line 4 from line 3	60,411	-8,729,673	-8,669,262
6	Tax (see page 4). Method used in col. C TAX TABLE	13,624	-13,624	
7	Credits (see page 4)			
8	Subtract line 7 from line 6. Enter the result but not less than zero	13,624	-13,624	
9	Other taxes (see page 4)	74		74
10	Total tax. Add lines 8 and 9	13,698	-13,624	74
11	Federal income tax withheld and excess social security and RRTA tax withheld. If changing, see page 4	28,807		28,807
12	Estimated tax payments, including amt applied from prior year's return			
13	Earned income credit			
14	Additional child tax credit from Form 8812			
15	Credits from Form 4136 or Form 2439			
16	Amount paid with Form 4868, 2688, or 2350 (applications for extension of time to file)			
17	Amount of tax paid with original return plus additional tax paid after it was filed			
18	Total payments. Add lines 11 through 17 in column C			28,807
19	Overpayment, if any, as shown on original return or as previously adjusted by the IRS			15,109
20	Subtract line 19 from line 18 (see page 4)			13,698
21	AMOUNT YOU OWE. If line 10, column C, is more than line 20, enter the difference and see page 4			
22	If line 10, column C, is less than line 20, enter the difference			13,624
23	Amount of line 22 you want REFUNDED TO YOU			13,624
24	Amount of line 22 you want APPLIED TO YOUR 19 ESTIMATED TAX 24			

Sign Here

Joint return? See page 2. Keep a copy for your records.

Under penalties of perjury, I declare that I have filed an original return and that I have examined this amended return, including accompanying schedules and statements, and to the best of my knowledge and belief, this amended return is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which the preparer has any knowledge.

Your signature *Steven P. Smith* Date *7-10-07*

Spouse's signature. If a joint return, BOTH must sign. Date

Paid

Preparer's Only

Preparer's signature STEVEN P. SMITH	Date 7/24/07	Check if self-employed <input type="checkbox"/>	Preparer's social security no. 573-90-7124
Firm's name (or yours if self-employed) and address COMYNS, SMITH, MCCLEARY & DEAV 3470 MT. DIABLO BLVD. #A110 LAFAYETTE, CA	EIN 68-0307221	ZIP code 94549	

Form 1040X (Rev. 11-98)

Form 1040X (Rev. 11-98) THOMAS J. GONZALES

545-13-6755 Page 2

Part I Exemptions. See Form 1040, Form 1040A, or Form 1040-T instr.

If you are **not changing your exemptions**, do not complete this part.
 If claiming **more exemptions**, complete lines 25-31 and, if applicable, line 32.
 If claiming **fewer exemptions**, complete lines 25-30.

	A. Original number of exemptions reported or as previously adjusted	B. Net change	C. Correct number of exemptions
25 Yourself and spouse			
Caution: If your parents (or someone else) can claim you as a dependent (even if they chose not to), you cannot claim an exemption for yourself.			
26 Your dependent children who lived with you			
27 Your dependent children who did not live with you due to divorce/separation			
28 Other dependents			
29 Total number of exemptions. Add lines 25 through 28			
30 Multiply the number of exemptions claimed on line 29 by the amount listed below for the tax year you are amending. Enter the result here and on line 4.			

Tax year	Exemption amount	But see the instructions if the amount on line 1 is over:
1998	\$2,700	\$83,400
1997	2,650	90,900
1996	2,550	88,475
1995	2,500	86,025

31 Dependents (children and other) not claimed on original (or adjusted) return:

Note: For tax year 1998, do not complete col. (e) below. For tax years before 1998, do not complete col. (d) below.

(a) First Name	Last Name	(b) Dependent's social security number. If born in the tax year you are amending, see page 5	(c) Dependent's relationship to you	(d) check if qualifying child for child tax credit (see page 5)	(e) No. of months lived in your home	No. of your children on line 31 who:
				<input type="checkbox"/>		lived with you
				<input type="checkbox"/>		did not live with you due to divorce or separation (see page 5)
				<input type="checkbox"/>		
				<input type="checkbox"/>		
				<input type="checkbox"/>		
				<input type="checkbox"/>		
				<input type="checkbox"/>		
				<input type="checkbox"/>		
				<input type="checkbox"/>		

Dependents on line 31 not entered above

For tax year 1995, if your child listed on line 31 did not live with you but is claimed as your dependent under a pre-1985 agreement, check here

Part II Explanation of Changes to Income, Deductions, and Credits

Enter the line number from the front of the form for each item you are changing and give the reason for each change. Attach only the supporting forms and schedules for the items changed. If you do not attach the required information, your Form 1040X may be returned. Be sure to include your name and social security number on any attachments.

If the change relates to a net operating loss carryback or a general business credit carryback, attach the schedule or form that shows the year in which the loss or credit occurred. See page 1 of the instructions. Also, check here ☒

TAXPAYER IS CARRYING BACK NET OPERATING LOSS FROM 2001 AS ADJUSTED PURSUANT TO REFUND CLAIM SUBMITTED. TAXPAYER UNDERSTANDS THAT THE CARRYBACK OF A 2001 NET OPERATING LOSS IS TO BE CARRIED BACK PURSUANT TO A FIVE YEAR CARRYBACK, IE, TO 1996, THEN 1997 AND SO ON. SINCE TAXPAYER IS NOT IN POSSESSION OF HIS 1996 AND 1997 RETURNS, YET CONFIDENT THAT THE LOSS IN 2001 IS SUFFICIENT IN AMOUNT TO OFFSET ALL TAXABLE INCOME REPORTED IN THE ENTIRE FIVE YEAR CARRYBACK PERIOD, HE IS TEMPORARILY SKIPPING THE 1996 AND 1997 AND LEAVING IT TO BE DETERMINED LATER. SEE ATTACHED SCHEDULE REFLECTING USAGE OF THE 2001 NET OPERATING LOSS.

Part III Presidential Election Campaign Fund. Checking below will not increase your tax or reduce your refund.

If you did not previously want \$3 go to the fund but now want to, check here ☐

If a joint return and your spouse did not previously want \$3 go to the fund but now wants to, check here ☐

2001

NOL WORKSHEETS

PAGE 1

THOMAS J. GONZALES

545-13-6755

COMPUTATION OF 2001 NET OPERATING LOSS

1. ADJUSTED GROSS INCOME		-6,558,190.
2A. ITEMIZED OR STANDARD DEDUCTION	2,196,483.	
2B. EXEMPTION DEDUCTION	2,900.	
2C. ADD LINES 2A AND 2B		2,199,383.
3. SUBTRACT LINE 2C FROM LINE 1		-8,757,573.
4. EXEMPTION DEDUCTION FROM LINE 2B		2,900.
5. NONBUSINESS CAPITAL LOSSES	14,741,873.	
6. NONBUSINESS CAPITAL GAINS	983,607.	
7. EXCESS OF LINE 5 OVER LINE 6	13,758,266.	
8. EXCESS OF LINE 6 OVER LINE 5	0.	
9. NONBUSINESS DEDUCTIONS	210,114.	
10. NONBUSINESS INCOME	966,343.	
11. ADD LINES 8 AND 10	966,343.	
12. EXCESS OF LINE 9 OVER LINE 11		0.
13. EXCESS OF LINE 11 OVER LINE 9	0.	
14. BUSINESS CAPITAL LOSSES	0.	
15. BUSINESS CAPITAL GAINS	19,000.	
16. ADD LINES 13 AND 15	19,000.	
17. EXCESS OF LINE 14 OVER LINE 16	0.	
18. ADD LINES 7 AND 17	13,758,266.	
19. LOSS FROM SCHEDULE D, LINE 17	13,739,266.	
20. SECTION 1202 EXCLUSION		0.
21. SUBTRACT LINE 20 FROM LINE 19	13,739,266.	
22. LOSS FROM SCHEDULE D, LINE 18	3,000.	
23. SUBTRACT LINE 22 FROM LINE 21	13,736,266.	
24. SUBTRACT LINE 21 FROM LINE 22		0.
25. SUBTRACT LINE 23 FROM LINE 18		22,000.
26. PRIOR YEARS' NET OPERATING LOSSES		0.
27. 2001 NET OPERATING GAIN (LOSS) (COMBINE LINES 3, 4, 12, 20, 24, 25, AND 26)		<u>-8,732,673.</u>

2001

NOL WORKSHEETS

PAGE 2

THOMAS J. GONZALES

545-13-6755

COMPUTATION OF 2001 AMT NET OPERATING LOSS

1.	FORM 6251, LINE 21		-6,370,217.
2.	NONBUSINESS CAPITAL LOSSES	14,741,873.	
3.	NONBUSINESS CAPITAL GAINS	983,607.	
4.	EXCESS OF LINE 2 OVER LINE 3	13,758,266.	
5.	EXCESS OF LINE 3 OVER LINE 2	0.	
6.	NONBUSINESS DEDUCTIONS	6,559.	
7.	NONBUSINESS INCOME	822,570.	
8.	ADD LINES 5 AND 7	822,570.	
9.	EXCESS OF LINE 6 OVER LINE 8		0.
10.	EXCESS OF LINE 8 OVER LINE 6	0.	
11.	BUSINESS CAPITAL LOSSES	0.	
12.	BUSINESS CAPITAL GAINS	19,000.	
13.	ADD LINES 10 AND 12	19,000.	
14.	EXCESS OF LINE 11 OVER LINE 13	0.	
15.	ADD LINES 4 AND 14	13,758,266.	
16.	LOSS FROM SCHEDULE D, LINE 17	13,739,266.	
17.	SECTION 1202 EXCLUSION		0.
18.	SUBTRACT LINE 17 FROM LINE 16	13,739,266.	
19.	LOSS FROM SCHEDULE D, LINE 18	3,000.	
20.	SUBTRACT LINE 19 FROM LINE 18	13,736,266.	
21.	SUBTRACT LINE 18 FROM LINE 19		0.
22.	SUBTRACT LINE 20 FROM LINE 15		22,000.
23.	2001 AMT NET OPERATING GAIN (LOSS) (COMBINE LINES 1, 9, 17, 21, AND 22)		<u>-6,348,217.</u>

Thomas J. Gonzales

	Regular	AMT
2001 Per NOL Worksheets	(8,732,673)	(6,348,217)
1996	TBD	TBD
To 1997	(8,732,673)	(6,348,217)
1997	TBD	TBD
To 1998	(8,732,673)	(6,348,217)
1998 Per NOL Worksheets	63,111	72,012
To 1999	(8,669,562)	(6,276,205)
1999 Per NOL Worksheets	200,914	209,309
To 2000	(8,468,648)	(6,066,896)
2000 Per NOL Worksheets	160,794	581,114
Unused NOL	(8,307,854)	(5,485,782)

DECEASED THOMAS J. GONZALES 12/04/01

FORM

1040

Department of the Treasury - Internal Revenue Service

U.S. Individual Income Tax Return 1998

(99) IRS Use Only - Do not write or staple in this space.

Label Here

For the year Jan. 1 - Dec. 31, 1998, or other tax year beginning 1998, ending 19 OMB No. 1545-0074

Instructions on page 18.) Use the IRS label. Otherwise, please print or type.

Important! You must enter your SSN(s) above.

Presidential Election Campaign (See page 18.) Do you want \$3 to go to this fund? ☐ Yes ☒ No **Note:** Checking "Yes" will not change your tax or reduce your refund.

If a joint return, spouse's first name and initial Last name

Home address (number and street). If you have a P.O. box, see page 18. Apt. no.

City, town or post office, state, and ZIP code. If you have a foreign address, see page 18.

Filing Status Check only one box.

1 ☒ Single

2 ☐ Married filing joint return (even if only one had income)

3 ☐ Married filing separate return. Enter spouse's soc. sec. no. above & full name here

4 ☐ Head of household (with qualifying person). (See page 18.) If the qualifying person is a child but not your dependent, enter this child's name here

5 ☐ Qualifying widow(er) with dependent child (year spouse died 19). (See page 18.)

Exemptions

6a ☒ Yourself. If your parent (or someone else) can claim you as a dependent on his or her tax return, do not check box 6a.

b ☐ Spouse

c **Dependents:** (1) First Name Last name (2) Dependent's social security number (3) Dependent's relationship to you (4) Chk if qualifying child for child tax credit (see page 19)

No. of boxes checked on 6a and 6b 1

No. of your children on 6c who:

- ☐ lived with you
- ☐ did not live with you due to divorce or separation (see page 19)

Dependents on 6c not entered above

Add numbers entered on lines above 1

d Total number of exemptions claimed 1

Income

Attach Copy B of your Forms W-2, W-2G, and 1099-R here.

If you did not get a W-2, see page 20.

Enclose, but do not attach any payment. Also, please use Form 1040-V.

7 Wages, salaries, tips, etc. Attach Form(s) W-2 7 113,750

8a Taxable interest. Attach Schedule B if required 8a

b Tax-exempt interest. DO NOT include on line 8a 8b

9 Ordinary dividends. Attach Schedule B if required 9

10 Taxable refunds, credits, or offsets of state and local income taxes (see page 21) 10 680

11 Alimony received 11

12 Business income or (loss). Attach Schedule C or C-EZ 12

13 Capital gain or (loss). Attach Schedule D 13

14 Other gains or (losses). Attach Form 4797 14

15a Total IRA distributions 15a b Taxable amount (see pg. 22) 15b

16a Total pensions and annuities 16a b Taxable amount (see pg. 22) 16b

17 Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E 17

18 Farm income or (loss). Attach Schedule F 18

19 Unemployment compensation 19

20a Social security benefits 20a b Taxable amount (see pg. 24) 20b

21 Other income. SEE STATEMENT 2 21 -8,729,928

22 Add the amounts in the far right column for lines 7 through 21. This is your total income. 22 -8,615,498

23 IRA deduction (see page 25) 23

24 Student loan interest deduction (see page 27) 24

25 Medical savings account deduction. Attach Form 8853 25

26 Moving expenses. Attach Form 3903 26

27 One-half of self-employment tax. Attach Schedule SE 27 37

28 Self-employed health insurance deduction (see page 28) 28

29 Keogh and self-employed SEP and SIMPLE plans 29

30 Penalty on early withdrawal of savings 30

31a Alimony paid. b Recipient's SSN 31a

32 Add lines 23 through 31a 32 37

33 Subtract line 32 from line 22. This is your adjusted gross income. 33 -8,615,535

Adjusted Gross Income

If 33 is under \$95 (under \$1,030 if a child did not live with you), see EIC inst. on page 36.

Form 1040 (1998) THOMAS J. GONZALES 545-13-6755

Page 2

Tax and Credits

34	Amount from line 33 (adjusted gross income)	34	-8,615,535
35	a Check if: <input type="checkbox"/> You were 65 or older, <input type="checkbox"/> Blind; <input type="checkbox"/> Spouse was 65 or older, <input type="checkbox"/> Blind. Add the number of boxes checked above and enter the total here	35a	
	b If you are married filing separately and your spouse itemizes deductions or you were a dual-status alien, see page 29 and check here	35b	<input type="checkbox"/>
36	Enter the larger of your itemized deductions from Schedule A, line 28, OR standard deduction shown on the left. But see page 30 to find your standard deduction if you checked any box on line 35a or 35b or if someone can claim you as a dependent	36	51,027
37	Subtract line 36 from line 34	37	-8,666,562
38	If line 34 is \$93,400 or less, multiply \$2,700 by the total number of exemptions claimed on line 6d. If line 34 is over \$93,400, see the worksheet on page 30 for the amount to enter	38	2,700
39	Taxable income. Subtract line 38 from line 37. If line 38 is more than line 37, enter -0-	39	0
40	Tax. See page 30. Check if any tax from a <input type="checkbox"/> Form(s) 8814 b <input type="checkbox"/> Form 4972	40	0
41	Credit for child and dependent care expenses. Att. Form 2441	41	
42	Credit for the elderly or the disabled. Attach Schedule R	42	
43	Child tax credit (see page 31)	43	
44	Education credits. Attach Form 8863	44	
45	Adoption credit. Attach Form 8839	45	
46	Foreign tax credit. Attach Form 1118 if required	46	
47	Other. Check if from a <input type="checkbox"/> Form 3800 b <input type="checkbox"/> Form 8396 c <input type="checkbox"/> Form 8801 d <input type="checkbox"/> Form (specify)	47	
48	Add lines 41 through 47. These are your total credits .	48	
49	Subtract line 48 from line 40. If line 48 is more than line 40, enter -0-	49	0

Other Taxes

50	Self-employment tax. Att. Sch. SE	50	74
51	Alternative minimum tax. Attach Form 6251	51	
52	Social security and Medicare tax on tip income not reported to employer. Attach Form 4137	52	
53	Tax on IRAs, other retirement plans, and MSAs. Attach Form 5329 if required	53	
54	Advance earned income credit payments from Form(s) W-2	54	
55	Household employment taxes. Attach Schedule H	55	
56	Add lines 49 through 55. This is your total tax .	56	74

Payments

57	Federal income tax withheld from Forms W-2 and 1099	57	28,807
58	1998 estimated tax payments and amount applied from 1997 return	58	
59	a Earned income credit. Att. Sch. EIC if you have a qualifying child. b Nontaxable earned income: amt. <input type="text"/> and type <input type="text"/> NO	59a	
60	Additional child tax credit. Attach Form 8812	60	
61	Amount paid with Form 4868 (request for extension)	61	
62	Excess social security and RRTA tax withheld (see page 43)	62	
63	Other payments. Check if from a <input type="checkbox"/> Form 2439 b <input type="checkbox"/> Form 4136	63	
64	Add lines 57, 58, 59a, and 60 through 63. These are your total payments .	64	28,807

Refund

65	If line 64 is more than line 56, subtract line 56 from line 64. This is the amount you OVERPAID	65	28,733
66a	Amount of line 65 you want REFUNDED TO YOU	66a	28,733

Have it directly deposited! See page 44 and fill in 66b, 66c, and 66d.

b Routing number c Type: ☐ Checking ☐ Savings

d Account number

67 Amount of line 65 you want **APPLIED TO 1999 ESTIMATED TAX**

Amount You Owe

68	If line 56 is more than line 64, subtract line 64 from line 56. This is the AMOUNT YOU OWE . For details on how to pay, see page 44	68	
69	Estimated tax penalty. Also include on line 68	69	

Sign Here

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Your signature Date	Your occupation CHIEF TECHNOLOGY	Daytime telephone number (optional)
Spouse's signature. If a joint return, BOTH must sign. Date	Spouse's occupation	

Preparer's signature STEVEN P. SMITH	Date	Check if self-employed <input type="checkbox"/>	Preparer's social security no. 573-90-7124
--	------	---	--

Preparer's Use Only

Firm's name (or yours if self-employed) and address COMYNS, SMITH, MCCLEARY & DEAV 3470 MT. DIABLO BLVD. #A110 LAFAYETTE, CA	EIN 68-0307221	ZIP code 94549
--	--------------------------	--------------------------

SCHEDULES A&B
(Form 1040)**Schedule A – Itemized Deductions**

OMB No. 1545-0074

1998Department of the Treasury
Internal Revenue Service (99)▶ **Attach to Form 1040.**▶ **See Instructions for Schedules A and B (Form 1040).**Attachment
Sequence No. **07**

Name shown on Form 1040

Your social security number

THOMAS J. GONZALES

545-13-6755

Medical and Dental Expenses		Caution: Do not include expenses reimbursed or paid by others.					
1	Medical and dental expenses (see page A-1)	1					
2	Enter amount from Form 1040, line 34	2					
3	Multiply line 2 above by 7.5% (.075)	3					
4	Subtract line 3 from line 1. If line 3 is more than line 1, enter -0-	4					0
Taxes You Paid		5	State and local income taxes	5	8,818		
6	Real estate taxes (see page A-2)	6		6	3,424		
7	Personal property taxes	7		7	2,340		
8	Other taxes. List type and amount	8					
9	Add lines 5 through 8	9					14,582
Interest You Paid		10	Home mortgage interest and points reported on Form 1098 . STM . . . 3	10	36,433		
11	Home mortgage interest not reported on Form 1098. If paid to the person from whom you bought the home, see page A-3 & show that person's name, ID no. & address	11					
12	Points not reported on Form 1098. See page A-3 . SEE . STMT . . . 4	12		12	12		
13	Investment interest. Attach Form 4952, if required. (See page A-3)	13					
14	Add lines 10 through 13	14					36,445
Gifts		15	Gifts by cash or check. If any gift of \$250 or more, see pg. A-4. ST . . . 5	15	500		
16	Other than by cash or check. If any gift of \$250 or more, see page A-4. You MUST attach Form 8283 if over \$500	16		16	2,500		
17	Carryover from prior year	17					
18	Add lines 15 through 17 CARRYOVER TO NEXT YEAR -3,000	18					0
Casualty and Theft Losses		19	Casualty or theft loss(es). Attach Form 4684. (See page A-5.)	19			0
Job Expenses and Most Other Miscellaneous Deductions		20	Unreimbursed employee expenses - job travel, union dues, job education, etc. You MUST attach Form 2106 or 2106-EZ if required. (See page A-5.)	20			
21	Tax preparation fees	21					
22	Other expenses - investment, safe deposit box, etc. List type and amount	22					
23	Add lines 20 through 22	23					
24	Enter amount from Form 1040, line 34	24					
25	Multiply line 24 above by 2% (.02)	25					
26	Subtract line 25 from line 23. If line 25 is more than line 23, enter -0-	26					0
Other Miscellaneous Deductions		27	Other - from list on page A-6. List type and amount	27			0
Total Itemized Deductions		28	Is Form 1040, line 34, over \$124,500 (over \$62,250 if married filing separately)? NO. Your deduction is not limited. Add the amounts in the far right column for lines 4 through 27. Also, enter on Form 1040, line 36, the larger of this amount or your standard deduction. YES. Your deduction may be limited. See page A-6 for the amount to enter.	28			51,027

As Amended

Schedule SE (Form 1040) 1998

Attachment Sequence No. 17

Page 2

Name of person with self-employment income (as shown on Form 1040)

Social security number of person
with self-employment income

THOMAS J. GONZALES

545-13-6755

Section B - Long Schedule SE**Part I Self-Employment Tax**

Note: If your only income subject to self-employment tax is **church employee income**, skip lines 1 through 4b. Enter -0- on line 4c and go to line 5a. Income from services you performed as a minister or a member of a religious order is **not** church employee income. See page SE-1.

- A** If you are a minister, member of a religious order, or Christian Science practitioner and you filed Form 4361, but you had \$400 or more of other net earnings from self-employment, check here and continue with Part I ☐

1	Net farm profit or (loss) from Schedule F, line 36, and farm partnerships, Schedule K-1 (Form 1065), line 15a. Note: Skip this line if you use the farm optional method. See page SE-3	1		
2	Net profit or (loss) from Schedule C, line 31; Schedule C-EZ, line 3; Schedule K-1 (Form 1065), line 15a (other than farming); and Schedule K-1 (Form 1065-B), box 9. Ministers and members of religious orders, see page SE-1 for amounts to report on this line. See page SE-2 for other income to report. Note: Skip this line if you use the nonfarm optional method. See page SE-4	2	2,745	
3	Combine lines 1 and 2	3	2,745	
4a	If line 3 is more than zero, multiply line 3 by 92.35% (.9235). Otherwise, enter amount from line 3	4a	2,535	
4b	If you elected one or both of the optional methods, enter the total of lines 15 and 17 here	4b		
4c	Combine lines 4a and 4b. If less than \$400, do not file this schedule; you do not owe self-employment tax. Exception. If less than \$400 and you had church employee income , enter -0- and continue	4c	2,535	
5a	Enter your church employee income from Form W-2. Caution: See page SE-1 for definition of church employee income	5a		
5b	Multiply line 5a by 92.35% (.9235). If less than \$100, enter -0-	5b		
6	Net earnings from self-employment. Add lines 4c and 5b.	6	2,535	
7	Maximum amount of combined wages and self-employment earnings subject to social security tax or the 6.2% portion of the 7.65% railroad retirement (tier 1) tax for 1998	7	68,400	00
8a	Total social security wages and tips (total of boxes 3 and 7 on Form(s) W-2) and railroad retirement (tier 1) compensation	8a	68,400	
8b	Unreported tips subject to social security tax (from Form 4137, line 9)	8b		
8c	Add lines 8a and 8b.	8c	68,400	
9	Subtract line 8c from line 7. If zero or less, enter -0- here and on line 10 and go to line 11	9	0	
10	Multiply the smaller of line 6 or line 9 by 12.4% (.124)	10	0	
11	Multiply line 6 by 2.9% (.029)	11	74	
12	Self-employment tax. Add lines 10 and 11. Enter here and on Form 1040, line 50	12	74	
13	Deduction for one-half of self-employment tax. Multiply line 12 by 50% (.5). Enter the result here and on Form 1040, line 27	13	37	

Part II Optional Methods To Figure Net Earnings (See page SE-3.)

Farm Optional Method. You may use this method **only** if:

- Your gross farm income ¹ was not more than \$2,400 or
- Your gross farm income ¹ was more than \$2,400 and your net farm profits ² were less than \$1,733.

14	Maximum income for optional methods	14	1,600	00
15	Enter the smaller of: two-thirds (2/3) of gross farm income (not less than zero) or \$1,600. Also, include this amount on line 4b above	15		

Nonfarm Optional Method. You may use this method **only** if:

- Your net nonfarm profits ³ were less than \$1,733 and also less than 72.189% of your gross nonfarm income, and
- You had net earnings from self-employment of at least \$400 in 2 of the prior 3 years.

Caution: You may use this method no more than five times.

16	Subtract line 15 from line 14	16		
17	Enter the smaller of: two-thirds (2/3) of gross nonfarm income (not less than zero) or the amount on line 16. Also, include this amount on line 4b above	17		

¹ From Schedule F, line 11, and Schedule K-1 (Form 1065), line 15b.

³ From Sch. C, line 31; Sch. C-EZ, line 3; and Sch. K-1 (Form 1065), and line 15a; Sch. K-1 (Form 1065-B), box 9.

² From Schedule F, line 36, and Schedule K-1 (Form 1065), line 15a.

⁴ From Sch. C, line 7; Sch. C-EZ, line 1; and Sch. K-1 (Form 1065), and line 15c; Sch. K-1 (Form 1065-B), box 9.

Form **8283**

(Rev. October 1998)

Department of the Treasury
Internal Revenue Service**Noncash Charitable Contributions**▶ **Attach to your tax return if you claimed a total deduction of over \$500 for all contributed property.**▶ **See separate instructions.**

OMB No. 1545-0008

Attachment
Sequence No. **55**

Name(s) shown on your income tax return

THOMAS J. GONZALES

Identifying number

545-13-6755

Note: Figure the amount of your contribution deduction before completing this form. See your tax return instructions.**Section A** – List in this section **only** items (or groups of similar items) for which you claimed a deduction of \$5,000 or less. Also, list certain publicly traded securities even if the deduction is over \$5,000 (see instructions).**Part I Information on Donated Property** – If you need more space, attach a statement.

1	(a) Name and address of the donee organization	(b) Description of donated property
A	SALVATION ARMY CONCORD, CA	VARIOUS
B		
C		
D		
E		

Note: If the amount you claimed as a deduction for an item is \$500 or less, you do not have to complete columns (d), (e), and (f).

	(c) Date of the contribution	(d) Date acquired by donor (mo., yr.)	(e) How acquired by donor	(f) Donor's cost or adjusted basis	(g) Fair market value	(h) Method used to determine the fair market value
A	VARIOUS	VARIOUS	PURCHASE	7,500	2,500	THRIFT SHOP VALUE
B						
C						
D						
E						

Part II Other Information – Complete line 2 if you gave less than an entire interest in property listed in Part I. Complete line 3 if restrictions were attached to a contribution listed in Part I.**2** If, during the year, you contributed less than the entire interest in the property, complete lines a - e.**a** Enter the letter from Part I that identifies the property ▶ . If Part II applies to more than one property, attach a separate statement.**b** Total amount claimed as a deduction for the property listed in Part I: (1) For this tax year ▶ (2) For any prior tax years ▶**c** Name and address of each organization to which any such contribution was made in a prior year (complete only if different than the donee organization above):

Name of charitable organization (donee)

Address (number, street, and room or suite no.)

City or town, state, and ZIP code

As Amended**d** For tangible property, enter the place where the property is located or kept ▶**e** Name of any person, other than the donee organization, having actual possession of the property ▶**3** If conditions were attached to any contribution listed in Part I, answer questions a - c and attach the required statement (see instructions).**a** Is there a restriction, either temporary or permanent, on the donee's right to use or dispose of the donated property?

Did you give to anyone (other than the donee organization or another organization participating with the donee organization in cooperative fundraising) the right to the income from the donated property or to the possession of the property, including the right to vote donated securities, to acquire the property by purchase or otherwise, or to designate the person having such income, possession, or right to acquire?

c Is there a restriction limiting the donated property for a particular use?

Yes	No

Form **4562****Depreciation and Amortization**
(Including Information on Listed Property)

OMB No. 1545-0172

1998Attachment
Sequence No. **67**Department of the Treasury
Internal Revenue Service (99)
Name(s) shown on return

▶ See separate instructions.

▶ Attach this form to your return.

THOMAS J. GONZALES

Identifying number

545-13-6755

Business or activity to which this form relates

SCHEDULE A (POINTS)**Part I Election To Expense Certain Tangible Property (Section 179)** (Note: If you have any "listed property," complete Part V before you complete Part I.)

1	Maximum dollar limitation. If an enterprise zone business, see page 2 of the instructions	1	\$18,500
2	Total cost of section 179 property placed in service. See page 2 of the instructions	2	
3	Threshold cost of section 179 property before reduction in limitation	3	\$200,000
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see page 2 of the instructions	5	
6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost
7	Listed property. Enter amount from line 27	7	
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	
9	Tentative deduction. Enter the smaller of line 5 or line 8	9	
10	Carryover of disallowed deduction from 1997. See page 3 of the instructions	10	
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions)	11	
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11.	12	
13	Carryover of disallowed deduction to 1999. Add lines 9 and 10, less line 12	13	

Note: Do not use Part II or Part III below for listed property (automobiles, certain other vehicles, cellular telephones, certain computers, or property used for entertainment, recreation, or amusement). Instead, use Part V for listed property.**Part II MACRS Depreciation For Assets Placed in Service ONLY During Your 1998 Tax Year (Do Not Include Listed Property.)****Section A - General Asset Account Election****14** If you are making the election under section 168(f)(4) to group any assets placed in service during the tax year into one or more general asset accounts, check this box. See page 3 of the instructions ☐**Section B - General Depreciation System (GDS) (See page 3 of the instructions.)**

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only - see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
15a 3-year property						
b 5-year property						
c 7-year property						
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs		S/L	
h Residential rental property			27.5 yrs	MM	S/L	
			27.5 yrs	MM	S/L	
i Nonresidential real property			39 yrs	MM	S/L	
				MM	S/L	

Section C - Alternative Depreciation System (ADS): (See page 5 of the instructions.)

16a Class life				S/L	
b 12-year			12 yrs	S/L	
c 40-year			40 yrs	MM	

Part III Other Depreciation (Do Not Include Listed Property.) (See page 6 of the instructions.)

17 GDS and ADS deductions for assets placed in service in tax years beginning before 1998	17	
18 Property subject to section 168(f)(1) election	18	
19 ACRS and other depreciation	19	

Part IV Summary (See page 6 of the instructions.)

20 Listed property. Enter amount from line 26	20	
21 Total. Add deductions on line 12, lines 15 and 16 in column (g), and lines 17 through 20. Enter here and on the appropriate lines of your return. Partnerships & S corporations - see instructions	21	
22 For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	22	

KFA For Paperwork Reduction Act Notice, see of the separate instructions.

Form **4562** (1998)

Form 4562 (1998)

THOMAS J. GONZALES 545-13-6755

Page 2

Part V Listed Property - Automobiles, Certain Other Vehicles, Cellular Telephones, Certain Computers, and Property Used for Entertainment, Recreation, or Amusement**Note:** For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete only 23a, 23b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.**Section A - Depreciation and Other Information (Caution: See page 8 of the instructions for limits for passenger automobiles.)**

23a Do you have evidence to support the business/investment use claimed? <input type="checkbox"/> Yes <input type="checkbox"/> No								23b If "Yes," is the evidence written? <input type="checkbox"/> Yes <input type="checkbox"/> No	
(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Business/investment use percentage	(d) Cost or other basis	(e) Basis for depreciation (business/investment use only)	(f) Recovery period	(g) Method/Convention	(h) Depreciation deduction	(i) Elected section 179 cost	
24 Property used more than 50% in a qualified business use (See page 7 of the instructions.):									
25 Property used 50% or less in a qualified business use (See page 7 of the instructions.):									
26 Add amounts in column (h). Enter the total here and on line 20, page 1							26		
27 Add amounts in column (i). Enter the total here and on line 7, page 1							27		

Section B - Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person.

If you provided vehicles to your employees, first answer questions in Section C to see if you meet an exception to completing this section for those vehicles.

	(a) Vehicle 1		(b) Vehicle 2		(c) Vehicle 3		(d) Vehicle 4		(e) Vehicle 5		(f) Vehicle 6	
28 Total business/investment miles driven during the year (DO NOT include commuting miles)												
29 Total commuting miles driven during the year												
30 Total other personal (noncommuting) miles driven												
31 Total miles driven during the year. Add lines 28 to 30												
32 Is the vehicle available for personal use during duty hours?	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
33 Is the vehicle used primarily by a more than 5% owner or related person?												
34 Is another vehicle available for personal use?												

Section C - Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons.

	Yes	No
35 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?		
36 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See page 9 of the instructions for vehicles used by corporate officers, directors, or 1% or more owners.		
37 Do you treat all use of vehicles by employees as personal use?		
38 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?		
39 Do you meet the requirements concerning qualified automobile demonstration use? See page 9 of the instructions		
Note: If your answer to 35, 36, 37, 38 or 39 is "Yes," you need not complete Section B for the covered vehicles.		

Part VI Amortization

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
40 Amortization of costs that begins during your 1998 tax year:					
POINTS	11/16/98	4,220		30	12
As Amended					
41 Amortization of costs that began before 1998					
42 Total. Enter here and on "Other Deductions" or "Other Expenses" line of your return					12

1998

FEDERAL STATEMENTS

PAGE 1

THOMAS J. GONZALES

545-13-6755

STATEMENT 1
FORM 1040
WAGE SCHEDULE

WAGES TAXPAYER - EMPLOYER	WAGES	FEDERAL W/H	FICA	MEDI CARE	STATE W/H	SDI
COMMERCE ONE INC	113750	28807	4241	1794	8659	159
TOTALS	113750	28807	4241	1794	8659	159

STATEMENT 2
FORM 1040, LINE 21
OTHER INCOME

LESCURE	\$	2,745
NET OPERATING LOSS CARRY BACK		-8,732,673
TOTAL	\$	-8,729,928

STATEMENT 3
SCHEDULE A, LINE 10
HOME MORTGAGE INTEREST REPORTED ON FORM 1098

BANC ONE	\$	6,385
OPTION ONE		29,077
NATIONAL CITY		971
TOTAL	\$	36,433

STATEMENT 4
SCHEDULE A, LINE 12
DEDUCTIBLE POINTS

AMORTIZATION	\$	12
TOTAL	\$	12

STATEMENT 5
SCHEDULE A, LINE 15
CONTRIBUTIONS BY CASH OR CHECK

VARIOUS	\$	500
TOTAL	\$	500

As Amended

1998

NOL WORKSHEETS

PAGE 1

THOMAS J. GONZALES

545-13-6755

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NET OPERATING LOSS CARRYOVERS USED IN 1998

A. CARRY BACK YEAR	1998
B. NOL YEAR	2001
C. INITIAL LOSS	8,732,673
D. NOL CARRYOVER	8,732,673

COMPUTATION OF MODIFIED TAXABLE INCOME

1. 1998 TAXABLE INCOME	-8,669,262
2. NOL CARRYOVERS FROM YEAR B AND LATER YEARS	8,732,673
3. NET CAPITAL LOSS DEDUCTION (FORM 1040, LINE 13)	0
4. ADJUSTMENTS TO AGI	0
5. ADJUSTMENTS TO ITEMIZED DEDUCTIONS	-3,000
6. PERSONAL EXEMPTIONS (FORM 1040, LINE 37)	2,700
7. MODIFIED TAXABLE INCOME (ADD LINES 1,2,3,4,5 AND 6)	63,111

NOL ON LINE C ABSORBED THIS YEAR	63,111
NOL ON LINE C NOT ABSORBED THIS YEAR	8,669,562

ADJUSTMENTS TO ITEMIZED DEDUCTIONS

8. 1998 ADJUSTED GROSS INCOME	-8,615,535
9. CARRYOVERS FROM YEAR B AND LATER YEARS	8,732,673
10. ADD LINES 3 AND 4 FROM ABOVE	0
11. MODIFIED AGI (ADD LINES 8, 9 & 10)	117,138

ADJUSTMENT TO CHARITABLE CONTRIBUTIONS

17. CHARITABLE CONTRIBUTIONS (FORM 1040, SCH A, LN 18)	0
18. CHARITABLE CONTRIBUTIONS REFIGURED USING LN 11	3,000
19. SUBTRACT LINE 18 FROM LINE 17	-3,000

TOTAL ITEMIZED DEDUCTIONS ADJUSTMENT (ADD LINES 16, 19, 24 AND 29)	-3,000
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As Amended

1998

NOL WORKSHEETS

PAGE 2

THOMAS J. GONZALES

545-13-6755

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AMT NET OPERATING LOSS CARRYOVERS USED IN 1998

A. CARRY BACK YEAR	1998
B. NOL YEAR	2001
C. INITIAL LOSS	6,348,217
D. NOL CARRYOVER	6,348,217

COMPUTATION OF MODIFIED AMTI

1. AMTI BEFORE ATNOLD (FORM 6251, LINE 19)	80,013
2. ATNOLD LIMITATION PERCENTAGE	0.900
3. MULTIPLY LINE 1 BY 2	72,012
4. PRIOR YEAR AMT CARRYOVERS ABSORBED IN CURRENT YEAR	0
5. MODIFIED AMTI (LINE 3 LESS LINE 4)	72,012

AMT NOL ABSORBED THIS YEAR	72,012
AMT NOL NOT ABSORBED THIS YEAR	6,276,205

As Amended

12/31/96

1998 FEDERAL DEPRECIATION SCHEDULE

PAGE 1

THOMAS J. GONZALES

545-13-6755

07/24/07

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NO.	DESCRIPTION	DATE ACQUIRED	DATE SOLD	COST/ BASIS	BUS. PCT.	CUR 179 BONUS	PRIOR 179 BONUS	DEC. BAL. DEPR.	BASIS REDUCTN	SALVAGE VALUE	DEPR. BASIS	PRIOR DEPR.	METHOD	LIFE	RATE	CURRENT DEPR.
SCHEDULE A (POINTS)																
1	POINTS	11/16/98		4,220							4,220		S/L	30		12
	TOTAL AMORTIZATION			4,220		0	0	0	0	0	4,220	0				12
	TOTAL DEPRECIATION			0		0	0	0	0	0	0	0				0
	GRAND TOTAL AMORTIZATION			4,220		0	0	0	0	0	4,220	0				12
	GRAND TOTAL DEPRECIATION			0		0	0	0	0	0	0	0				0

As Amended

1998 FEDERAL ALTERNATIVE MINIMUM TAX DEPRECIATION SCHEDULE

SE 1

545-13-6755

THOMAS J. GONZALES

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10/72/10

NO.	DESCRIPTION	DATE	DATE	AMT	AMT	AMT	AMT	REG.	OWNR.	POST-86	REAL	PROP	LEAS	PERS
		ACQUIRED	SOLD	BASIS	DEPR.	METHOD	LIFE	RATE	DEPR.	PCT.	DEPR ADJ.	PREF.	PROF	PREF
TOTAL				0	0			0	0	0	0	0	0	0
TOTAL DEPRECIATION				0	0			0	0	0	0	0	0	0
GRAND TOTAL DEPRECIATION				0	0			0	0	0	0	0	0	0

As Amended

FORM 1040 Department of the Treasury - Internal Revenue Service
U.S. Individual Income Tax Return 1998

(99) IRS Use Only - Do not write or staple in this space.

OMB No. 1545-0074

For the year Jan. 1 - Dec. 31, 1998, or other tax year beginning

1998, ending

19

INSTRUCTIONS
on page 18.)

Use the IRS
label.
Otherwise,
please print
or type.

LABEL
HERE

Your first name and initial

Last name

THOMAS J. GONZALES

Your social security number

545-13-6755

If a joint return, spouse's first name and initial

Last name

Spouse's social security number

Home address (number and street). If you have a P.O. box, see page 18.

Apt. no.

10 MERCURY COURT

City, town or post office, state, and ZIP code. If you have a foreign address, see page 18.

PLEASANT HILL, CA 94523

▲ IMPORTANT! ▲
 You must enter
 your SSN(s) above.

**Presidential
 Election Campaign**
 (See page 18.)

Do you want \$3 to go to this fund?

Yes

No

Note: Checking "Yes"
 will not change your
 tax or reduce your
 refund.

If a joint return, does your spouse want \$3 to go to this fund?

Filing Status1 ☒ Single2 ☐ Married filing joint return (even if only one had income)3 ☐ Married filing separate return. Enter spouse's soc. sec. no. above & full name here4 ☐ Head of household (with qualifying person). (See page 18.) If the qualifying person is a child but not your dependent, enter this child's name here5 ☐ Qualifying widow(er) with dependent child (year spouse died 19). (See page 18.)**Exemptions**6a ☒ Yourself. If your parent (or someone else) can claim you as a dependent on his or her tax return, do not check box 6a.b ☐ Spouse

c Dependents:

(1) First Name

Last name

(2) Dependent's social security number

(3) Dependent's relationship to you

(4) Chk if qualifying child for child tax credit (see page 19)

No. of boxes checked on 8a and 8b

1

No. of your children on 6c who:
☐ lived with you
☐ did not live with you due to divorce or separation (see page 19)

Dependents on 6c not entered above

Add numbers entered on lines above

1

d Total number of exemptions claimed

Income

7 Wages, salaries, tips, etc. Attach Form(s) W-2

7

113,750

8a Taxable interest. Attach Schedule B if required

8a

b Tax-exempt interest. DO NOT include on line 8a

8b

9 Ordinary dividends. Attach Schedule B if required

9

10 Taxable refunds, credits, or offsets of state and local income taxes (see page 21)

10

680

11 Alimony received

11

12 Business income or (loss). Attach Schedule C or C-EZ

12

13 Capital gain or (loss). Attach Schedule D

13

14 Other gains or (losses). Attach Form 4797

14

15a Total IRA distributions

15a

b Taxable amount (see pg. 22)

15b

16a Total pensions and annuities

16a

b Taxable amount (see pg. 22)

16b

17 Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E

17

18 Farm income or (loss). Attach Schedule F

18

19 Unemployment compensation

19

20a Social security benefits

20a

b Taxable amount (see pg. 24)

20b

21 Other income. LESURE

21

2,745

22 Add the amounts in the far right column for lines 7 through 21. This is your total income

22

117,175

Adjusted Gross Income

23 IRA deduction (see page 25)

23

24 Student loan interest deduction (see page 27)

24

25 Medical savings account deduction. Attach Form 8853

25

26 Moving expenses. Attach Form 3903

26

27 One-half of self-employment tax. Attach Schedule SE

27

37

28 Self-employed health insurance deduction (see page 28)

28

29 Keogh and self-employed SEP and SIMPLE plans

29

30 Penalty on early withdrawal of savings

30

31a Alimony paid. b Recipient's SSN

31a

32

37

32 Add lines 23 through 31a

32

33 Subtract line 32 from line 22. This is your adjusted gross income

33

117,138

e 33 is under .095 (under \$10,030 if a child did not live with you), see EIC inst. on page 36.

Form 1040 (1998) THOMAS J. GONZALES 545-13-6755

Page 2

Tax and Credits

Standard Deduction for Most People
 Single: \$4,250
 Head of household: \$6,250
 Married filing jointly or Qualifying widow(er): \$7,100
 Married filing separately: \$3,550.

34	Amount from line 33 (adjusted gross income)	34	117,138
35	a Check if: <input type="checkbox"/> You were 65 or older, <input type="checkbox"/> Blind; <input type="checkbox"/> Spouse was 65 or older, <input type="checkbox"/> Blind. Add the number of boxes checked above and enter the total here	35a	
	b If you are married filing separately and your spouse itemizes deductions or you were a dual-status alien, see page 29 and check here	35b	<input type="checkbox"/>
36	Enter the larger of your itemized deductions from Schedule A, line 28, OR standard deduction shown on the left. But see page 30 to find your standard deduction if you checked any box on line 35a or 35b or if someone can claim you as a dependent	36	54,027
37	Subtract line 36 from line 34	37	63,111
38	If line 34 is \$93,400 or less, multiply \$2,700 by the total number of exemptions claimed on line 6d. If line 34 is over \$93,400, see the worksheet on page 30 for the amount to enter	38	2,700
39	Taxable income. Subtract line 38 from line 37. If line 38 is more than line 37, enter -0-	39	60,411
40	Tax. See page 30. Check if any tax from a <input type="checkbox"/> Form(s) 8814 b <input type="checkbox"/> Form 4972	40	13,624
41	Credit for child and dependent care expenses. Att. Form 2441	41	
42	Credit for the elderly or the disabled. Attach Schedule R	42	
43	Child tax credit (see page 31)	43	
44	Education credits. Attach Form 8863	44	
45	Adoption credit. Attach Form 8839	45	
46	Foreign tax credit. Attach Form 1116 if required	46	
47	Other. Check if from a <input type="checkbox"/> Form 3800 b <input type="checkbox"/> Form 8396 c <input type="checkbox"/> Form 8801 d <input type="checkbox"/> Form (specify)	47	
48	Add lines 41 through 47. These are your total credits .	48	
49	Subtract line 48 from line 40. If line 48 is more than line 40, enter -0-	49	13,624

Other Taxes

50	Self-employment tax. Att. Sch. SE	50	74
51	Alternative minimum tax. Attach Form 6251	51	
52	Social security and Medicare tax on tip income not reported to employer. Attach Form 4137	52	
53	Tax on IRAs, other retirement plans, and MSAs. Attach Form 5329 if required	53	
54	Advance earned income credit payments from Form(s) W-2	54	
55	Household employment taxes. Attach Schedule H	55	
56	Add lines 49 through 55. This is your total tax .	56	13,698

Payments

Attach Forms W-2, and W-2G on the front. Also attach Form 1099-R if tax was withheld.

57	Federal income tax withheld from Forms W-2 and 1099	57	28,807
58	1998 estimated tax payments and amount applied from 1997 return	58	
59	a Earned income credit. Att. Sch. EIC if you have a qualifying child. b Nontaxable earned income: amt. <input type="text"/> and type <input type="text"/> NO	59a	
60	Additional child tax credit. Attach Form 8812	60	
61	Amount paid with Form 4868 (request for extension)	61	
62	Excess social security and RRTA tax withheld (see page 43)	62	
63	Other payments. Check if from a <input type="checkbox"/> Form 2439 b <input type="checkbox"/> Form 4136	63	
64	Add lines 57, 58, 59a, and 60 through 63. These are your total payments .	64	28,807

Refund

Have it directly deposited! See page 44 and fill in 66b, 66c, and 66d.

65	If line 64 is more than line 56, subtract line 56 from line 64. This is the amount you OVERPAID	65	15,109
66a	Amount of line 65 you want REFUNDED TO YOU	66a	15,109
	b Routing number <input type="text"/> c Type: <input type="checkbox"/> Checking <input type="checkbox"/> Savings		
	d Account number <input type="text"/>		
67	Amount of line 65 you want APPLIED TO 1999 ESTIMATED TAX	67	

Amount You Owe

68	If line 56 is more than line 64, subtract line 64 from line 56. This is the AMOUNT YOU OWE . For details on how to pay, see page 44	68	
69	Estimated tax penalty. Also include on line 68	69	

Sign Here

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Your signature Date Spouse's signature. If a joint return, BOTH must sign.	Your occupation CHIEF TECHNOLOGY O Spouse's occupation	Daytime telephone number (optional)
--	---	-------------------------------------

Preparer's Use Only

Preparer's signature	STEVEN P. SMITH	Date		Check if self-employed <input type="checkbox"/>	Preparer's social security no.
Firm's name (or yours if self-employed) and address	COMYNS, SMITH, MCCLEARY & DEAV 3470 MT. DIABLO BLVD. #A110 LAFAYETTE, CA			EIN	68-0307221
				ZIP code	94549

SCHEDULES A&B
(Form 1040)**Schedule A – Itemized Deductions**

OMB No. 1545-0074

1998Attachment
Sequence No. **07**Department of the Treasury
Internal Revenue Service (99)▶ **Attach to Form 1040.**▶ **See Instructions for Schedules A and B (Form 1040).**

Name shown on Form 1040

Your social security number

THOMAS J. GONZALES**545-13-6755**

Medical and Dental Expenses	Caution: Do not include expenses reimbursed or paid by others.			
	1	Medical and dental expenses (see page A-1)	1	
	2	Enter amount from Form 1040, line 34	2	
	3	Multiply line 2 above by 7.5% (.075)	3	
	4	Subtract line 3 from line 1. If line 3 is more than line 1, enter -0-	4	0
Taxes You Paid (See page A-1.)	5	State and local income taxes	5	8,818
	6	Real estate taxes (see page A-2)	6	3,424
	7	Personal property taxes	7	2,340
	8	Other taxes. List type and amount		
	9	Add lines 5 through 8	9	14,582
Interest You Paid (See page A-3.) Note: Personal interest is not deductible.	10	Home mortgage interest and points reported on Form 1098 . STM . . . 2	10	36,433
	11	Home mortgage interest not reported on Form 1098. If paid to the person from whom you bought the home, see page A-3 & show that person's name, ID no. & address		
	12	Points not reported on Form 1098. See page A-3 . SEE . STMT . . . 3	12	12
	13	Investment interest. Attach Form 4952, if required. (See page A-3)	13	
	14	Add lines 10 through 13	14	36,445
Gifts If you made a gift and got a benefit for it, see page A-4.	15	Gifts by cash or check. If any gift of \$250 or more, see pg. A-4. ST . . . 4	15	500
	16	Other than by cash or check. If any gift of \$250 or more, see page A-4. You MUST attach Form 8283 if over \$500	16	2,500
	17	Carryover from prior year	17	
	18	Add lines 15 through 17	18	3,000
Casualty and Theft Losses	19	Casualty or theft loss(es). Attach Form 4684. (See page A-5.)	19	0
Job Expenses and Most Other Miscellaneous Deductions (See page A-6 for expenses to deduct here.)	20	Unreimbursed employee expenses - job travel, union dues, job education, etc. You MUST attach Form 2106 or 2106-EZ if required. (See page A-5.)	20	
	21	Tax preparation fees	21	
	22	Other expenses - investment, safe deposit box, etc. List type and amount		
	23	Add lines 20 through 22	23	
	24	Enter amount from Form 1040, line 34	24	
	25	Multiply line 24 above by 2% (.02)	25	
	26	Subtract line 25 from line 23. If line 25 is more than line 23, enter -0-	26	0
Other Miscellaneous Deductions	27	Other - from list on page A-6. List type and amount	27	0
	28	Is Form 1040, line 34, over \$124,500 (over \$62,250 if married filing separately)? NO. Your deduction is not limited. Add the amounts in the far right column for lines 4 through 27. Also, enter on Form 1040, line 36, the larger of this amount or your standard deduction. YES. Your deduction may be limited. See page A-6 for the amount to enter.	28	54,027

Schedule SE (Form 1040) 1998

Attachment Sequence No. 17

Page 2

Name of person with self-employment income (as shown on Form 1040)

THOMAS J. GONZALES

Social security number of person
with self-employment income

545-13-6755

Section B - Long Schedule SE

Part I Self-Employment Tax

Note: If your only income subject to self-employment tax is **church employee income**, skip lines 1 through 4b. Enter -0- on line 4c and go to line 5a. Income from services you performed as a minister or a member of a religious order is **not** church employee income. See page SE-1.

A If you are a minister, member of a religious order, or Christian Science practitioner and you filed Form 4361, but you had \$400 or more of other net earnings from self-employment, check here and continue with Part I ☐

1	Net farm profit or (loss) from Schedule F, line 36, and farm partnerships, Schedule K-1 (Form 1065), line 15a. Note: Skip this line if you use the farm optional method. See page SE-3	1		
2	Net profit or (loss) from Schedule C, line 31; Schedule C-EZ, line 3; Schedule K-1 (Form 1065), line 15a (other than farming); and Schedule K-1 (Form 1065-B), box 9. Ministers and members of religious orders, see page SE-1 for amounts to report on this line. See page SE-2 for other income to report. Note: Skip this line if you use the nonfarm optional method. See page SE-4	2	2,745	
3	Combine lines 1 and 2	3	2,745	
4a	If line 3 is more than zero, multiply line 3 by 92.35% (.9235). Otherwise, enter amount from line 3	4a	2,535	
4b	If you elected one or both of the optional methods, enter the total of lines 15 and 17 here	4b		
4c	Combine lines 4a and 4b. If less than \$400, do not file this schedule; you do not owe self-employment tax. Exception: If less than \$400 and you had church employee income, enter -0- and continue	4c	2,535	
5a	Enter your church employee income from Form W-2. Caution: See page SE-1 for definition of church employee income	5a		
5b	Multiply line 5a by 92.35% (.9235). If less than \$100, enter -0-	5b		
6	Net earnings from self-employment. Add lines 4c and 5b.	6	2,535	
7	Maximum amount of combined wages and self-employment earnings subject to social security tax or the 6.2% portion of the 7.65% railroad retirement (tier 1) tax for 1998	7	68,400	00
8a	Total social security wages and tips (total of boxes 3 and 7 on Form(s) W-2) and railroad retirement (tier 1) compensation	8a	68,400	
8b	Unreported tips subject to social security tax (from Form 4137, line 9)	8b		
8c	Add lines 8a and 8b.	8c	68,400	
9	Subtract line 8c from line 7. If zero or less, enter -0- here and on line 10 and go to line 11	9	0	
10	Multiply the smaller of line 6 or line 9 by 12.4% (.124)	10	0	
11	Multiply line 6 by 2.9% (.029)	11	74	
12	Self-employment tax. Add lines 10 and 11. Enter here and on Form 1040, line 50	12	74	
13	Deduction for one-half of self-employment tax. Multiply line 12 by 50% (.5). Enter the result here and on Form 1040, line 27	13	37	

Part II Optional Methods To Figure Net Earnings (See page SE-3.)

Farm Optional Method. You may use this method only if:

- Your gross farm income ¹ was not more than \$2,400 or
- Your gross farm income ¹ was more than \$2,400 and your net farm profits ² were less than \$1,733.

14	Maximum income for optional methods	14	1,600	00
15	Enter the smaller of: two-thirds (2/3) of gross farm income (not less than zero) or \$1,600. Also, include this amount on line 4b above	15		

Nonfarm Optional Method. You may use this method only if:

- Your net nonfarm profits ³ were less than \$1,733 and also less than 72.189% of your gross nonfarm income, and
- You had net earnings from self-employment of at least \$400 in 2 of the prior 3 years.

Caution: You may use this method no more than five times.

16	Subtract line 15 from line 14	16		
17	Enter the smaller of: two-thirds (2/3) of gross nonfarm income (not less than zero) or the amount on line 16. Also, include this amount on line 4b above	17		

¹ From Schedule F, line 11, and Schedule K-1 (Form 1065), line 15b.

² From Schedule F, line 36, and Schedule K-1 (Form 1065), line 15a.

³ From Sch. C, line 31; Sch. C-EZ, line 3; and Sch. K-1 (Form 1065), and line 15a; Sch. K-1 (Form 1065-B), box 9.

⁴ From Sch. C, line 7; Sch. C-EZ, line 1; and Sch. K-1 (Form 1065), and line 15c; Sch. K-1 (Form 1065-B), box 9.

Form **8283**

(Rev. October 1998)

Department of the Treasury
Internal Revenue Service**Noncash Charitable Contributions**▶ **Attach to your tax return if you claimed a total deduction of over \$500 for all contributed property.**▶ **See separate instructions.**

OMB No. 1545-0008

Attachment
Sequence No. **55**

Name(s) shown on your income tax return

THOMAS J. GONZALES

Identifying number

545-13-6755

Note: Figure the amount of your contribution deduction before completing this form. See your tax return instructions.**Section A** – List in this section **only** items (or groups of similar items) for which you claimed a deduction of \$5,000 or less. Also, list certain publicly traded securities even if the deduction is over \$5,000 (see instructions).**Part I** Information on Donated Property – If you need more space, attach a statement.

1	(a) Name and address of the donee organization	(b) Description of donated property
A	SALVATION ARMY CONCORD, CA	VARIOUS
B		
C		
D		
E		

Note: If the amount you claimed as a deduction for an item is \$500 or less, you do not have to complete columns (d), (e), and (f).

	(c) Date of the contribution	(d) Date acquired by donor (mo., yr.)	(e) How acquired by donor	(f) Donor's cost or adjusted basis	(g) Fair market value	(h) Method used to determine the fair market value
A	VARIOUS	VARIOUS	PURCHASE	7,500	2,500	THRIFT SHOP VALUE
B						
C						
D						
E						

Part II Other Information – Complete line 2 if you gave less than an entire interest in property listed in Part I. Complete line 3 if restrictions were attached to a contribution listed in Part I.**2** If, during the year, you contributed less than the entire interest in the property, complete lines a - e.**a** Enter the letter from Part I that identifies the property ▶ . If Part II applies to more than one property, attach a separate statement.**b** Total amount claimed as a deduction for the property listed in Part I: (1) For this tax year ▶ (2) For any prior tax years ▶**c** Name and address of each organization to which any such contribution was made in a prior year (complete only if different than the donee organization above):

Name of charitable organization (donee)

Address (number, street, and room or suite no.)

City or town, state, and ZIP code

d For tangible property, enter the place where the property is located or kept ▶**e** Name of any person, other than the donee organization, having actual possession of the property ▶**3** If conditions were attached to any contribution listed in Part I, answer questions a - c and attach the required statement (see instructions).**a** Is there a restriction, either temporary or permanent, on the donee's right to use or dispose of the donated property?

Did you give to anyone (other than the donee organization or another organization participating with the donee organization in cooperative fundraising) the right to the income from the donated property or to the possession of the property, including the right to vote donated securities, to acquire the property by purchase or otherwise, or to designate the person having such income, possession, or right to acquire?

c Is there a restriction limiting the donated property for a particular use?

Yes	No

Form **4562**

Depreciation and Amortization

(Including Information on Listed Property)

OMB No. 1545-0172

1998Attachment
Sequence No. **67**Department of the Treasury
Internal Revenue Service (99)
Form 4562 (99)
Instructions (s) shown on return

▶ See separate instructions.

▶ Attach this form to your return.

THOMAS J. GONZALES

Identifying number
545-13-6755

Business or activity to which this form relates

SCHEDULE A (POINTS)**Part I Election To Expense Certain Tangible Property (Section 179)** (Note: If you have any "listed property," complete Part V before you complete Part I.)

1	Maximum dollar limitation. If an enterprise zone business, see page 2 of the instructions	1	\$18,500
2	Total cost of section 179 property placed in service. See page 2 of the instructions	2	
3	Threshold cost of section 179 property before reduction in limitation	3	\$200,000
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see page 2 of the instructions	5	
6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost
7	Listed property. Enter amount from line 27	7	
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	
9	Tentative deduction. Enter the smaller of line 5 or line 8	9	
10	Carryover of disallowed deduction from 1997. See page 3 of the instructions	10	
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions)	11	
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11.	12	
13	Carryover of disallowed deduction to 1999. Add lines 9 and 10, less line 12	13	

Note: Do not use Part II or Part III below for listed property (automobiles, certain other vehicles, cellular telephones, certain computers, or property used for entertainment, recreation, or amusement). Instead, use Part V for listed property.

Part II MACRS Depreciation For Assets Placed in Service ONLY During Your 1998 Tax Year (Do Not Include Listed Property.)**Section A - General Asset Account Election**

14 If you are making the election under section 168(l)(4) to group any assets placed in service during the tax year into one or more general asset accounts, check this box. See page 3 of the instructions

Section B - General Depreciation System (GDS) (See page 3 of the instructions.)

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only - see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
15a 3-year property						
b 5-year property						
c 7-year property						
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs		S/L	
h Residential rental property			27.5 yrs	MM	S/L	
			27.5 yrs	MM	S/L	
i Nonresidential real property			39 yrs	MM	S/L	
				MM	S/L	

Section C - Alternative Depreciation System (ADS) (See page 5 of the instructions.)

16a Class life					S/L	
b 12-year			12 yrs		S/L	
c 40-year			40 yrs	MM	S/L	

Part III Other Depreciation (Do Not Include Listed Property.) (See page 6 of the instructions.)

17 GDS and ADS deductions for assets placed in service in tax years beginning before 1998	17	
18 Property subject to section 168(f)(1) election	18	
19 ACRS and other depreciation	19	

Part IV Summary (See page 6 of the instructions.)

Listed property. Enter amount from line 26	20	
Total. Add deductions on line 12, lines 15 and 16 in column (g), and lines 17 through 20. Enter here and on the appropriate lines of your return. Partnerships & S corporations - see instructions	21	
22 For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	22	

KFA For Paperwork Reduction Act Notice, see of the separate instructions.

Form 4562 (1998)

Form 4562 (1998)

THOMAS J. GONZALES 545-13-6755

Page 2

Part V Listed Property – Automobiles, Certain Other Vehicles, Cellular Telephones, Certain Computers, and Property Used for Entertainment, Recreation, or Amusement**Note:** For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete only 23a, 23b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.**Section A – Depreciation and Other Information (Caution: See page 8 of the instructions for limits for passenger automobiles.)**

23a Do you have evidence to support the business/investment use claimed? <input type="checkbox"/> Yes <input type="checkbox"/> No		23b If "Yes," is the evidence written? <input type="checkbox"/> Yes <input type="checkbox"/> No						
(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Business/ investment use percentage	(d) Cost or other basis	(e) Basis for depreciation (business/investment use only)	(f) Recovery period	(g) Method/ Convention	(h) Depreciation deduction	(i) Elected section 179 cost
24 Property used more than 50% in a qualified business use (See page 7 of the instructions.):								
25 Property used 50% or less in a qualified business use (See page 7 of the instructions.):								
26 Add amounts in column (h). Enter the total here and on line 20, page 1							26	
27 Add amounts in column (i). Enter the total here and on line 7, page 1							27	

Section B – Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person.

If you provided vehicles to your employees, first answer questions in Section C to see if you meet an exception to completing this section for those vehicles.

28 Total business/investment miles driven during the year (DO NOT include commuting miles)	(a) Vehicle 1	(b) Vehicle 2	(c) Vehicle 3	(d) Vehicle 4	(e) Vehicle 5	(f) Vehicle 6
29 Total commuting miles driven during the year						
30 Total other personal (noncommuting) miles driven						
31 Total miles driven during the year. Add lines 28 to 30						
32 Is the vehicle available for personal use during duty hours?	Yes	No	Yes	No	Yes	No
33 Is the vehicle used primarily by a more than 5% owner or related person?						
34 Is another vehicle available for personal use?						

Section C – Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons.

	Yes	No
35 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?		
36 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See page 9 of the instructions for vehicles used by corporate officers, directors, or 1% or more owners.		
37 Do you treat all use of vehicles by employees as personal use?		
38 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?		
39 Do you meet the requirements concerning qualified automobile demonstration use? See page 9 of the instructions		
Note: If your answer to 35, 36, 37, 38 or 39 is "Yes," you need not complete Section B for the covered vehicles.		

Part VI Amortization

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
40 Amortization of costs that begins during your 1998 tax year:					
POINTS	11/16/98	4,220		30	12
41 Amortization of costs that began before 1998					41
42 Total. Enter here and on "Other Deductions" or "Other Expenses" line of your return					42 12

1998

FEDERAL STATEMENTS

PAGE 1

THOMAS J. GONZALES

545-13-6755

07

05:27 PM

STATEMENT 1
FORM 1040
WAGE SCHEDULE

WAGES TAXPAYER - EMPLOYER	WAGES	FEDERAL W/H	FICA	MEDI CARE	STATE W/H	SDI
-----	-----	-----	-----	-----	-----	-----
COMMERCE ONE INC	113,750	28,807	4,241	1,794	8,659	159
-----	-----	-----	-----	-----	-----	-----
TOTALS	113,750	28,807	4,241	1,794	8,659	159

STATEMENT 2
SCHEDULE A, LINE 10
HOME MORTGAGE INTEREST REPORTED ON FORM 1098

BANC ONE	\$	6,385
OPTION ONE		29,077
NATIONAL CITY		971
TOTAL	\$	<u>36,433</u>

STATEMENT 3
SCHEDULE A, LINE 12
DEDUCTIBLE POINTS

AMORTIZATION	\$	12
TOTAL	\$	<u>12</u>

STATEMENT 4
SCHEDULE A, LINE 15
CONTRIBUTIONS BY CASH OR CHECK

VARIOUS	\$	500
TOTAL	\$	<u>500</u>

12/31/98

1998 FEDERAL DEPRECIATION SCHEDULE

PAGE 1

THOMAS J. GONZALES

545-13-6755

07/24/07

05:27 PM

NO.	DESCRIPTION	DATE ACQUIRED	DATE SOLD	COST/ BASIS	BUS. PCT.	CUR 179	PRIOR 179	DEC. BAL.	DEPR.	BASIS	REDUCTN	SALVAGE VALUE	DEPR. BASIS	PRIOR DEPR.	METHOD	LIFE	RATE	CURRENT DEPR.
SCHEDULE A (POINTS)																		
AMORTIZATION																		
1	POINTS	11/16/98		4,220						4,220					S/L	30		12
	TOTAL AMORTIZATION			4,220		0	0	0	0	4,220	0			0				12
	TOTAL DEPRECIATION			0		0	0	0	0	0	0			0				0
	GRAND TOTAL AMORTIZATION			4,220		0	0	0	0	4,220	0			0				12
	GRAND TOTAL DEPRECIATION			0		0	0	0	0	0	0			0				0

12/31/96

1998 FEDERAL ALTERNATIVE MINING TAX DEPRECIATION SCHEDULE

PAGE 1

THOMAS J. GONZALES

545-13-6755

07/24/07

05:27 PM

NO.	DESCRIPTION	DATE ACQUIRED	DATE SOLD	AMT BASIS	AMT PRIOR DEPR.	AMT METHOD	AMT LIFE	AMT RATE	AMT DEPR.	REG. DEPR.	OWNR. PCT.	POST-86 DEPR ADJ.	REAL PROP.	LEAS PERS PROP PREF
				0	0				0	0		0	0	0
	TOTAL													
	TOTAL DEPRECIATION			0	0				0	0		0	0	0
	GRAND TOTAL DEPRECIATION			0	0				0	0		0	0	0

DECEASED (THOMAS J. GONZALES) 12/04/01

Department of the Treasury - Internal Revenue Service

1040X

Amended U.S. Individual Income Tax Return

OMB No. 1545-0041

(November 1999)

See separate instructions.

This return is for calendar year 1999, OR fiscal year ended

Your first name and initial

Last name

Your social security number

THOMAS J. GONZALES

545-13-6755

If a joint return, spouse's first name and initial

Last name

Spouse's social security number

Home address (no. and street) or P.O. box if mail is not delivered to your home

Apt. no.

Telephone number (optional)

134 LAKES BLVD

City, town or post office, state, and ZIP code. If you have a foreign address, see page 2 of the instructions.

DAYTON, NV 89403

For Paperwork Reduction Act Notice, see page 6.

- A If the name or address shown above is different from that shown on the original return, check here ☒ Yes ☐ No
- B Has the original return been changed or audited by the IRS or have you been notified that it will be? ☐ Yes ☒ No
- C Filing status. Be sure to complete this line. **Note:** You cannot change from joint to separate returns after the due date.
- On original return ☒ Single ☐ Married filing joint return ☐ Married filing separate return ☐ Head of household ☐ Qualifying widow(er)
- On this return ☒ Single ☐ Married filing joint return ☐ Married filing separate return ☐ Head of household ☐ Qualifying widow(er)
- * If the qualifying person is a child but not your dependent, see page 2.

USE PART II ON BACK TO EXPLAIN ANY CHANGES

Income and Deductions (pages 2-5)

A. Original amount
or as previously
adjusted
(see page 2)B. Net change -
amount of increase
or (decrease) -
explain in Part IIC. Correct
amount

1	Adjusted gross income (see page 3)	1	268,346	-8,669,562	-8,401,216
2	Itemized deductions or standard deduction (see page 3)	2	67,432	-5,748	61,684
3	Subtract line 2 from line 1	3	200,914	-8,663,814	-8,462,900
4	Exemptions. If changing, fill in Parts I and II on back	4		2,750	2,750
5	Taxable income. Subtract line 4 from line 3	5	200,914	-8,666,564	-8,465,650
6	Tax (see page 4). Method used in col. C <u>TAX TABLE</u>	6	60,596	-60,596	
7	Credits (see page 4)	7			
8	Subtract line 7 from line 6. Enter the result but not less than zero	8	60,596	-60,596	
9	Other taxes (see page 4)	9			
10	Total tax. Add lines 8 and 9	10	60,596	-60,596	
11	Federal income tax withheld and excess social security and RRTA tax withheld. If changing, see page 4	11	38,873		38,873
12	Estimated tax payments, including amt applied from prior year's return	12			
13	Earned income credit	13			
14	Additional child tax credit from Form 8812	14			
15	Credits from Form 4136 or Form 2439	15			
16	Amount paid with request for extension of time to file (see page 4)	16			
17	Amount of tax paid with original return plus additional tax paid after it was filed	17			21,723
18	Total payments. Add lines 11 through 17 in column C	18			60,596

Refund or Amount You Owe

19	Overpayment, if any, as shown on original return or as previously adjusted by the IRS	19	
20	Subtract line 19 from line 18 (see page 5)	20	60,596
21	AMOUNT YOU OWE. If line 10, column C, is more than line 20, enter the difference and see page 5	21	
22	If line 10, column C, is less than line 20, enter the difference	22	60,596
23	Amount of line 22 you want REFUNDED TO YOU	23	60,596
24	Amount of line 22 you want APPLIED TO YOUR ESTIMATED TAX	24	

Sign
HereJoint return?
See page 2.
Keep a copy for
your records.

Under penalties of perjury, I declare that I have filed an original return and that I have examined this amended return, including accompanying schedules and statements, and to the best of my knowledge and belief, this amended return is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which the preparer has any knowledge.

Your signature Steven P. Smith Date 8-10-07

Spouse's signature. If a joint return, BOTH must sign. Date

Paid
Preparer's
OnlyPreparer's
signature

STEVEN P. SMITH

Date

7/26/07

Check if
self-employed ☐

Preparer's SSN or PTIN

573-90-7124

Firm's name
(or yours if
self-employed)
and address

COMYNS, SMITH, MCCLEARY & DEAV

3470 MT. DIABLO BLVD. #A110

LAFAYETTE, CA

EIN

68-0307221

ZIP code

94549

Form 1040X (Rev. 11-99)

Form 1040X (Rev. 11-99)

THOMAS J. GONZALES

545-13-6755 Page 2

Part I Exemptions. See Form 1040 or 1040A instructions.

If you are **not changing your exemptions**, do not complete this part.
 If claiming **more exemptions**, complete lines 25-31.
 If claiming **fewer exemptions**, complete lines 25-30.

A. Original number
of exemptions reported
or as previously adjusted

B. Net change

C. Correct
number of
exemptions

25	25	1	1
26	26		
27	27		
28	28		
29	29	1	1
30	30	2,750	2,750

25 Yourself and spouse

Caution. If your parents (or someone else) can claim you as a dependent (even if they chose not to), you cannot claim an exemption for yourself.

26 Your dependent children who lived with you

27 Your dependent children who did not live with you due to divorce/separation

28 Other dependents

29 Total number of exemptions. Add lines 25 through 28

30 Multiply the number of exemptions claimed on line 29 by the amount listed below for the tax year you are amending. Enter the result here and on line 4.

Tax
yearExemption
amountBut see the instructions for
line 4 on page 3 if the
amount on line 1 is over:

1999

\$2,750

\$94,975

1996

2,700

93,400

1997

2,650

90,900

1998

2,550

88,475

31 Dependents (children and other) not claimed on original (or adjusted) return:
Note: For tax years after 1997, do not complete column (e) below. For tax years before 1998, do not complete column (d) below.

No. of your children on
line 31 who:
☐ lived with you

☐ did not live with
you due to divorce
or separation
(see page 5)

☐ Dependents on line 31
not entered above
Part II Explanation of Changes to Income, Deductions, and Credits

Enter the line number from the front of the form for each item you are changing and give the reason for each change. Attach only the supporting forms and schedules for the items changed. If you do not attach the required information, your Form 1040X may be returned. Be sure to include your name and social security number on any attachments.

If the change relates to a net operating loss carryback or a general business credit carryback, attach the schedule or form that shows the year in which the loss or credit occurred. See page 1 of the instructions. Also, check here ☒

TAXPAYER IS CARRYING BACK NET OPERATING LOSS FROM 2001 AS ADJUSTED PURSUANT TO REFUND CLAIM SUBMITTED. TAXPAYER UNDERSTANDS THAT THE CARRYBACK OF A 2001 NET OPERATING LOSS IS TO BE CARRIED BACK PURSUANT TO A FIVE YEAR CARRYBACK, IE, TO 1996, THEN 1997 AND SO ON. SINCE TAXPAYER IS NOT IN POSSESSION OF HIS 1996 AND 1997 RETURNS, YET CONFIDENT THAT THE LOSS IN 2001 IS SUFFICIENT IN AMOUNT TO OFFSET ALL TAXABLE INCOME REPORTED IN THE ENTIRE FIVE YEAR CARRYBACK PERIOD, HE IS TEMPORARILY SKIPPING THE 1996 AND 1997 AND LEAVING IT TO BE DETERMINED LATER. SEE ATTACHED SCHEDULE REFLECTING USAGE OF THE 2001 NET OPERATING LOSS.

Part III Presidential Election Campaign Fund. Checking below will not increase your tax or reduce your refund.

If you did not previously want \$3 go to the fund but now want to, check here

If a joint return and your spouse did not previously want \$3 go to the fund but now wants to, check here

2001

NOL WORKSHEETS

PAGE 1

THOMAS J. GONZALES

545-13-6755

COMPUTATION OF 2001 NET OPERATING LOSS

1. ADJUSTED GROSS INCOME		
2A. ITEMIZED OR STANDARD DEDUCTION		-6,558,190.
2B. EXEMPTION DEDUCTION	2,196,483.	
2C. ADD LINES 2A AND 2B	2,900.	
3. SUBTRACT LINE 2C FROM LINE 1		2,199,383.
4. EXEMPTION DEDUCTION FROM LINE 2B		-8,757,573.
5. NONBUSINESS CAPITAL LOSSES		2,900.
6. NONBUSINESS CAPITAL GAINS	14,741,873.	
7. EXCESS OF LINE 5 OVER LINE 6	983,607.	
8. EXCESS OF LINE 6 OVER LINE 5	13,758,266.	
9. NONBUSINESS DEDUCTIONS	0.	
10. NONBUSINESS INCOME	210,114.	
11. ADD LINES 8 AND 10	966,343.	
12. EXCESS OF LINE 9 OVER LINE 11	966,343.	
13. EXCESS OF LINE 11 OVER LINE 9		0.
14. BUSINESS CAPITAL LOSSES	0.	
15. BUSINESS CAPITAL GAINS	19,000.	
16. ADD LINES 13 AND 15	19,000.	
17. EXCESS OF LINE 14 OVER LINE 16	0.	
18. ADD LINES 7 AND 17	13,758,266.	
19. LOSS FROM SCHEDULE D, LINE 17	13,739,266.	
20. SECTION 1202 EXCLUSION		0.
21. SUBTRACT LINE 20 FROM LINE 19	13,739,266.	
22. LOSS FROM SCHEDULE D, LINE 18	3,000.	
23. SUBTRACT LINE 22 FROM LINE 21	13,736,266.	
24. SUBTRACT LINE 21 FROM LINE 22		0.
25. SUBTRACT LINE 23 FROM LINE 18		22,000.
26. PRIOR YEARS' NET OPERATING LOSSES		0.
27. 2001 NET OPERATING GAIN (LOSS) (COMBINE LINES 3, 4, 12, 20, 24, 25, AND 26)		<u>-8,732,673.</u>

2001

NOL WORKSHEETS

PAGE 2

THOMAS J. GONZALES

545-13-6755

COMPUTATION OF 2001 AMT NET OPERATING LOSS

1.	FORM 6251, LINE 21		
2.	NONBUSINESS CAPITAL LOSSES		-6,370,217.
3.	NONBUSINESS CAPITAL GAINS	14,741,873.	
4.	EXCESS OF LINE 2 OVER LINE 3	983,607.	
5.	EXCESS OF LINE 3 OVER LINE 2	13,758,266.	
6.	NONBUSINESS DEDUCTIONS	0.	
7.	NONBUSINESS INCOME	6,559.	
8.	ADD LINES 5 AND 7	822,570.	
9.	EXCESS OF LINE 6 OVER LINE 8	822,570.	
10.	EXCESS OF LINE 8 OVER LINE 6	0.	0.
11.	BUSINESS CAPITAL LOSSES	0.	
12.	BUSINESS CAPITAL GAINS	19,000.	
13.	ADD LINES 10 AND 12	19,000.	
14.	EXCESS OF LINE 11 OVER LINE 13	0.	
15.	ADD LINES 4 AND 14	13,758,266.	
16.	LOSS FROM SCHEDULE D, LINE 17	13,739,266.	
17.	SECTION 1202 EXCLUSION		0.
18.	SUBTRACT LINE 17 FROM LINE 16	13,739,266.	
19.	LOSS FROM SCHEDULE D, LINE 18	3,000.	
20.	SUBTRACT LINE 19 FROM LINE 18	13,736,266.	
21.	SUBTRACT LINE 18 FROM LINE 19		0.
22.	SUBTRACT LINE 20 FROM LINE 15		22,000.
23.	2001 AMT NET OPERATING GAIN (LOSS) (COMBINE LINES 1, 9, 17, 21, AND 22)		<u>-6,348,217.</u>

Thomas J. Gonzales

	Regular	AMT
2001 Per NOL Worksheets	(8,732,673)	(6,348,217)
1996	TBD	TBD
To 1997	(8,732,673)	(6,348,217)
1997	TBD	TBD
To 1998	(8,732,673)	(6,348,217)
1998 Per NOL Worksheets	63,111	72,012
To 1999	(8,669,562)	(6,276,205)
1999 Per NOL Worksheets	200,914	209,309
To 2000	(8,468,648)	(6,066,896)
2000 Per NOL Worksheets	160,794	581,114
Unused NOL	(8,307,854)	(5,485,782)

DECEASED: THOMAS J. GONZALES 12/04/01

FORM

1040

Department of the Treasury - Internal Revenue Service

U.S. Individual Income Tax Return 1999

(99)

IRS Use Only - Do not write or staple in this space.

For the year Jan. 1 - Dec. 31, 1999, or other tax year beginning

1999, ending

OMB No. 1545-0074

Label

Instructions
on page 18.)Use the IRS
label.
Otherwise,
please print
or type.LABEL
HERE

Your first name and initial

Last name

THOMAS J. GONZALES

If a joint return, spouse's first name and initial

Last name

Home address (number and street). If you have a P.O. box, see page 18.

Apt. no.

134 LAKES BLVD

City, town or post office, state, and ZIP code. If you have a foreign address, see page 18.

DAYTON, NV 89403

Your social security number

545-13-6755

Spouse's social security number

▲ IMPORTANT! ▲
You must enter
your SSN(s) above.

**Presidential
Election Campaign**
(See page 18.)

Do you want \$3 to go to this fund?

If a joint return, does your spouse want \$3 to go to this fund?

Yes

No

Note: Checking "Yes"
will not change your
tax or reduce your
refund.

Filing Status

Check only
one box.

- 1 ☒ Single
- 2 ☐ Married filing joint return (even if only one had income)
- 3 ☐ Married filing separate return. Enter spouse's soc. sec. no. above & full name here
- 4 ☐ Head of household (with qualifying person). (See page 18.) If the qualifying person is a child but not your dependent, enter this child's name here
- 5 ☐ Qualifying widow(er) with dependent child (year spouse died ☐ 19). (See page 18.)

Exemptions

6a ☒ Yourself. If your parent (or someone else) can claim you as a dependent on his or her tax return, do not check box 6a.

b ☐ Spouse

c Dependents:

(1) First Name Last name

(2) Dependent's social security number

(3) Dependent's relationship to you

(4) Chk if qualifying child for child tax credit (see page 19)

No. of boxes
checked on
6a and 6b

1

No. of your
children on
6c who:

• lived with you

• did not live with
you due to divorce
or separation
(see page 19)

Dependents
on 6c not
entered above

Add numbers
entered on
lines above

1

d Total number of exemptions claimed

Income

Attach
Copy B of your
Forms W-2 and
W-2G here.
Also attach
Form 1099-R if
tax was withheld.

If you did not
get a W-2,
see page 20.

Enclose, but do not
attach any payment.
Also, please use
Form 1040-V.

7	Wages, salaries, tips, etc. Attach Form(s) W-2	7	143,963
8a	Taxable interest. Attach Schedule B if required	8a	4,338
b	Tax-exempt interest. DO NOT include on line 8a	8b	
9	Ordinary dividends. Attach Schedule B if required	9	697
10	Taxable refunds, credits, or offsets of state and local income taxes (see page 21)	10	3,903
11	Alimony received	11	
12	Business income or (loss). Attach Schedule C or C-EZ	12	
13	Capital gain or (loss). Attach Schedule D if required. If not required, check here <input type="checkbox"/>	13	115,445
14	Other gains or (losses). Attach Form 4797	14	
15a	Total IRA distributions	15a	
b	Taxable amount (see pg. 22)	15b	
16a	Total pensions and annuities	16a	
b	Taxable amount (see pg. 22)	16b	
17	Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E	17	
18	Farm income or (loss). Attach Schedule F	18	
19	Unemployment compensation	19	
20a	Social security benefits	20a	
b	Taxable amount (see pg. 24)	20b	
21	Other income. NET OPERATING LOSS CARRYBACK	21	-8,669,562
22	Add the amounts in the far right column for lines 7 through 21. This is your total income	22	-8,401,216
23	IRA deduction (see page 26)	23	
24	Student loan interest deduction (see page 26)	24	
25	Medical savings account deduction. Attach Form 8853	25	
26	Moving expenses. Attach Form 3903	26	
27	One-half of self-employment tax. Attach Schedule SE	27	
28	Self-employed health insurance deduction (see page 28)	28	
29	Keogh and self-employed SEP and SIMPLE plans	29	
30	Penalty on early withdrawal of savings	30	
31a	Alimony paid. b Recipient's SSN	31a	
32	Add lines 23 through 31a	32	0
33	Subtract line 32 from line 22. This is your adjusted gross income.	33	-8,401,216

Adjusted
Gross
Income

As Amended

Form 1040 (1999) THOMAS J. GONZALES

545-13-6755 Page 2

Tax and Credits		34	Amount from line 33 (adjusted gross income)	34	-8,401,216
35 a Check if: <input type="checkbox"/> You were 65 or older, <input type="checkbox"/> Blind; <input type="checkbox"/> Spouse was 65 or older, <input type="checkbox"/> Blind. Add the number of boxes checked above and enter the total here		35a			
b If you are married filing separately and your spouse itemizes deductions or you were a dual-status alien, see page 30 and check here		35b			
36 Enter your itemized deductions from Schedule A, line 28, OR standard deduction shown on the left. But see page 30 to find your standard deduction if you checked any box on line 35a or 35b or if someone can claim you as a dependent		36		61,684	
37 Subtract line 36 from line 34		37		-8,462,900	
38 If line 34 is \$94,975 or less, multiply \$2,750 by the total number of exemptions claimed on line 6d. If line 34 is over \$94,975, see the worksheet on page 31 for the amount to enter		38		2,750	
39 Taxable income. Subtract line 38 from line 37. If line 38 is more than line 37, enter -0-		39		0	
40 Tax (see page 31). Check if any tax is from a <input type="checkbox"/> Form(s) 8814 b <input type="checkbox"/> Form 4972		40		0	
41 Credit for child and dependent care expenses. Att. Form 2441		41			
42 Credit for the elderly or the disabled. Attach Schedule R		42			
43 Child tax credit (see page 33)		43			
44 Education credits. Attach Form 8863		44			
45 Adoption credit. Attach Form 8839		45			
46 Foreign tax credit. Attach Form 1116 if required		46			
47 Other. Check if from a <input type="checkbox"/> Form 3800 b <input type="checkbox"/> Form 8396 c <input type="checkbox"/> Form 8801 d <input type="checkbox"/> Form (specify)		47			
48 Add lines 41 through 47. These are your total credits		48			
49 Subtract line 48 from line 40. If line 48 is more than line 40, enter -0-		49		0	
Other Taxes					
50 Self-employment tax. Att. Sch. SE		50			
51 Alternative minimum tax. Attach Form 6251		51			
52 Social security and Medicare tax on tip income not reported to employer. Attach Form 4137		52			
53 Tax on IRAs, other retirement plans, and MSAs. Attach Form 5329 if required		53			
54 Advance earned income credit payments from Form(s) W-2		54			
55 Household employment taxes. Attach Schedule H		55			
56 Add lines 49 through 55. This is your total tax		56		0	
Payments					
57 Federal income tax withheld from Forms W-2 and 1099		57	38,873		
58 1999 estimated tax payments and amount applied from 1998 return		58			
59 a Earned income credit. Att. Sch. EIC if you have a qualifying child. b Nontaxable earned income: amt. <input type="checkbox"/> and type <input type="checkbox"/> NO		59a			
60 Additional child tax credit. Attach Form 8812		60			
61 Amount paid with request for extension to file (see page 48)		61			
62 Excess social security and RRTA tax withheld (see page 48)		62			
63 Other payments. Check if from a <input type="checkbox"/> Form 2439 b <input type="checkbox"/> Form 4136		63			
64 Add lines 57, 58, 59a, and 60 through 63. These are your total payments		64		38,873	
Refund					
65 If line 64 is more than line 56, subtract line 56 from line 64. This is the amount you OVERPAID		65		38,873	
66a Amount of line 65 you want REFUNDED TO YOU		66a		38,873	
b Routing number <input type="text"/>					
c Type: <input type="checkbox"/> Checking <input type="checkbox"/> Savings					
d Account number <input type="text"/>					
67 Amount of line 65 you want APPLIED TO 2000 ESTIMATED TAX		67			
Amount You Owe					
68 If line 56 is more than line 64, subtract line 64 from line 56. This is the AMOUNT YOU OWE . For details on how to pay, see page 49		68			
69 Estimated tax penalty. Also include on line 68		69			
Sign Here					
Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.					
Your signature		Date	Your occupation	Daytime telephone number (optional)	
Spouse's signature. If a joint return, BOTH must sign.		Date	Spouse's occupation		
Preparer's signature		Date	Check if self-employed <input type="checkbox"/>	Preparer's SSN or PTIN	
STEVEN P. SMITH				573-90-7124	
Firm's name (or yours if self-employed) and address		EIN		ZIP code	
COMYNS, SMITH, MCCLEARY & DEAV 3470 MT. DIABLO BLVD. #A110 LAFAYETTE, CA		68-0307221		94549	

As Amended

SCHEDULES A&B
(Form 1040)**Schedule A - Itemized Deductions**

OMB No. 1545-0074

1999Attachment
Sequence No. **07**Department of the Treasury
Internal Revenue Service (99)▶ **Attach to Form 1040.**▶ **See Instructions for Schedules A and B (Form 1040).**

Name shown on Form 1040

THOMAS J. GONZALES

Your social security number

545-13-6755

Medical and Dental Expenses		Caution: Do not include expenses reimbursed or paid by others.			
1	Medical and dental expenses (see page A-1)	1			
2	Enter amount from Form 1040, line 34	2			
3	Multiply line 2 above by 7.5% (.075)	3			
4	Subtract line 3 from line 1. If line 3 is more than line 1, enter -0-	4			0
Taxes You Paid		5	State and local income taxes	23,323	
6	Real estate taxes (see page A-2)	6		3,634	
7	Personal property taxes	7		2,850	
8	Other taxes. List type and amount	8			
9	Add lines 5 through 8	9			29,807
Interest You Paid		10	Home mortgage interest and points reported on Form 1098	31,736	
11	Home mortgage interest not reported on Form 1098. If paid to the person from whom you bought the home, see page A-3 & show that person's name, ID no. & address	11			
12	Points not reported on Form 1098. See page A-3	12		141	
13	Investment interest. Attach Form 4952, if required. (See page A-4)	13			
14	Add lines 10 through 13	14			31,877
Gifts		15	Gifts by cash or check. If any gift of \$250 or more, see pg. A-4.	10,000	
16	Other than by cash or check. If any gift of \$250 or more, see page A-4. You MUST attach Form 8283 if over \$500	16			
17	Carryover from prior year	17			
18	Add lines 15 through 17	18		-10,000	0
Casualty and Theft Losses		19	Casualty or theft loss(es). Attach Form 4684. (See page A-5.)		0
Job Expenses and Most Other Miscellaneous Deductions		20	Unreimbursed employee expenses - job travel, union dues, job education, etc. You MUST attach Form 2106 or 2106-EZ if required. (See page A-5.)		
21	Tax preparation fees	21			
22	Other expenses - investment, safe deposit box, etc. List type and amount	22			
23	Add lines 20 through 22	23			
24	Enter amount from Form 1040, line 34	24			
25	Multiply line 24 above by 2% (.02)	25			
26	Subtract line 25 from line 23. If line 25 is more than line 23, enter -0-	26			0
Other Miscellaneous Deductions		27	Other - from list on page A-6. List type and amount		0
Total Itemized Deductions		28	Is Form 1040, line 34, over \$126,600 (over \$63,300 if married filing separately)?		
			<input checked="" type="checkbox"/> No. Your deduction is not limited. Add the amounts in the far right column for lines 4 through 27. Also, enter this amount on Form 1040, line 36.		61,684
			<input type="checkbox"/> Yes. Your deduction may be limited. See page A-6 for the amount to enter.		

As Amended

Schedules A&B (Form 1040) 1999

OMB No. 1545-0074

Page 2

Name(s) shown on Form 1040. Do not enter name and social security number if shown on other side.

THOMAS J. GONZALES

Your social security number

545-13-6755

Schedule B - Interest and Ordinary Dividends

Attachment
Sequence No. 08

Note: If you had over \$400 in taxable interest, you must also complete Part III.

Part I
Interest(See page B-1
and the
instructions for
Form 1040,
line 8a.)Note: If you
received a Form
1099-INT, Form
1099-OID, or
substitute
statement from
a brokerage firm,
list the firm's
name as the
payer and enter
the total interest
shown on that
form.

- 1 List name of payer. If any interest is from a seller-financed mortgage and the buyer used the property as a personal residence, see page B-1 and list this interest first. Also, show that buyer's social security number and address ▶

FRANCHISE TAX BOARD
MT DIABLO NAT'L BANK
WELLS FARGO

Amount

10

4,303

25

- 2 Add the amounts on line 1.

- 3 Excludable interest on series EE and I U.S. savings bonds issued after 1989 from Form 8815, line 14. You **MUST** attach Form 8815

- 4 Subtract line 3 from line 2. Enter the result here and on Form 1040, line 8a ▶

4,338

4,338

Note: If you had over \$400 in ordinary dividends, you must also complete Part III.

Part II
Ordinary
Dividends(See page B-1
and the
instructions for
Form 1040,
line 9.)Note: If you
received a Form
1099-DIV or
substitute
statement from
a brokerage
firm, list the
firm's name as
the payer
and enter
the ordinary
dividends shown
on that form.

- 5 List name of payer. Include only ordinary dividends. If you received any capital gain distributions, see the instructions for Form 1040, line 13. ▶

MERRILL LYNCH
DLJ INVESTMENT

Amount

608

89

- 6 Add the amounts on line 5. Enter the total here and on Form 1040, line 9 ▶

697

Part III
Foreign
Accounts
and
Trusts(See
page B-2)

You must complete this part if you (a) had over \$400 of interest or ordinary dividends; (b) had a foreign account; or (c) received a distribution from, or were a grantor of, or a transferor to, a foreign trust.

Yes No

- 7a At any time during 1999, did you have an interest in or a signature or other authority over a financial account in a foreign country, such as a bank account, securities account, or other financial account? See page B-2 for exceptions and filing requirements for Form TD F 90-22.1

X

- b If "Yes," enter the name of foreign country ▶

- 8 During 1999, did you receive a distribution from, or were you the grantor of, or transferor to, a foreign trust? If "Yes," you may have to file Form 3520. See page B-2

X

KFA For Paperwork Reduction Act Notice, see Form 1040 Instructions.

Schedule B (Form 1040) 1999

As Amended

Schedule D (Form 1040) 1999 THOMAS J. GONZALES

545-13-6755 Page 2

Part III Summary of Parts I and II

17	Combine lines 7 and 16. If a loss, go to line 18. If a gain, enter the gain on Form 1040, line 13 Next: Complete Form 1040 through line 39. Then, go to Part IV to figure your tax if: • Both lines 16 and 17 are gains, and • Form 1040, line 39, is more than zero.	17	115,445
18	If line 17 is a loss, enter here and as a (loss) on Form 1040, line 13, the smaller of these losses: • The loss on line 17; or • (\$3,000) or, if married filing separately, (\$1,500) Next: Skip Part IV below. Instead, complete Form 1040 through line 37. Then, complete the Capital Loss Carryover Worksheet on page D-6 if: • The loss on line 17 exceeds the loss on line 18, or • Form 1040, line 37, is a loss.	18	()

Part IV Tax Computation Using Maximum Capital Gains Rates

19	Enter your taxable income from Form 1040, line 39	19	
20	Enter the smaller of line 16 or line 17 of Schedule D	20	
21	If you are filing Form 4952, enter the amount from Form 4952, line 4e	21	
22	Subtract line 21 from line 20. If zero or less, enter -0-	22	
23	Combine lines 7 and 15. If zero or less, enter -0-	23	
24	Enter the smaller of line 15 or line 23, but not less than zero	24	
25	Enter your unrecaptured section 1250 gain, if any, from line 16 of the worksheet on page D-7	25	
26	Add lines 24 and 25	26	
27	Subtract line 26 from line 22. If zero or less, enter -0-	27	
28	Subtract line 27 from line 19. If zero or less, enter -0-	28	
29	Enter the smaller of: • The amount on line 19, or • \$25,750 if single; \$43,050 if married filing jointly or qualifying widow(er); • \$21,525 if married filing separately; or \$34,550 if head of household	29	
30	Enter the smaller of line 28 or line 29	30	
31	Subtract line 22 from line 19. If zero or less, enter -0-	31	
32	Enter the larger of line 30 or line 31	32	
33	Figure the tax on the amount on line 32. Use the Tax Table or Tax Rate Schedules, whichever applies Note: If line 29 is less than line 28, go to line 38.	33	
34	Enter the amount from line 29	34	
35	Enter the amount from line 28	35	
36	Subtract line 35 from line 34. If zero or less, enter -0-	36	
37	Multiply line 36 by 10% (.10) Note: If line 27 is more than zero and equal to line 36, go to line 52.	37	
38	Enter the smaller of line 19 or line 27	38	
39	Enter the amount from line 36	39	
40	Subtract line 39 from line 38.	40	
41	Multiply line 40 by 20% (.20) Note: If line 25 is zero or blank, skip lines 42 through 47 and read the note above line 48.	41	
42	Enter the smaller of line 22 or line 25	42	
43	Add lines 22 and 32	43	
44	Enter the amount from line 19	44	
45	Subtract line 44 from line 43. If zero or less, enter -0-	45	
46	Subtract line 45 from line 42. If zero or less, enter -0-	46	
47	Multiply line 46 by 25% (.25) Note: If line 24 is zero or blank, go to line 52.	47	
48	Enter the amount from line 19	48	
49	Add lines 32, 36, 40, and 46	49	
50	Subtract line 49 from line 48	50	
51	Multiply line 50 by 28% (.28)	51	
52	Add lines 33, 37, 41, 47, and 51	52	
53	Figure the tax on the amount on line 19. Use the Tax Table or Tax Rate Schedules, whichever applies	53	
54	Tax on all taxable income including capital gains. Enter the smaller of line 52 or line 53 here and on Form 1040, line 40	54	0

Schedule D (Form 1040) 1999

1999

FEDERAL STATEMENTS

PAGE 1

THOMAS J. GONZALES

545-13-6755

STATEMENT 1
FORM 1040
WAGE SCHEDULE

TAXPAYER - EMPLOYER	WAGES	FEDERAL W/H	FICA	MEDI- CARE	STATE W/H	SDI
COMMERCE ONE INC	143,963	38,873	4,501	2,232	11,164	159
GRAND TOTAL	<u>143,963</u>	<u>38,873</u>	<u>4,501</u>	<u>2,232</u>	<u>11,164</u>	<u>159</u>

STATEMENT 2
SCHEDULE A, LINE 10
HOME MORTGAGE INTEREST REPORTED ON FORM 1098

BANK UNITED	\$	23,322
CONSECO		6,304
NATIONAL CITY		2,110
TOTAL	\$	<u>31,736</u>

STATEMENT 3
SCHEDULE A, LINE 12
DEDUCTIBLE POINTS

AMORTIZATION	\$	141
TOTAL	\$	<u>141</u>

STATEMENT 4
SCHEDULE A, LINE 15
CONTRIBUTIONS BY CASH OR CHECK

VARIOUS	\$	10,000
TOTAL	\$	<u>10,000</u>

As Amended

1999

NOL WORKSHEETS

PAGE 1

THOMAS J. GONZALES

545-13-6755

NET OPERATING LOSS CARRYOVERS USED IN 1999

A. CARRY BACK YEAR	1999
B. NOL YEAR	2001
C. INITIAL LOSS	8,732,673
D. NOL CARRYOVER	8,669,562

COMPUTATION OF MODIFIED TAXABLE INCOME

1. 1999 TAXABLE INCOME	-8,465,650
2. NOL CARRYOVERS FROM YEAR B AND LATER YEARS	8,669,562
3A. NET CAPITAL LOSS DEDUCTION (FORM 1040, LINE 13)	0
3B. GAIN EXCLUDED ON SALE OF QUALIFIED BUSINESS STOCK	0
4. ADJUSTMENTS TO AGI	0
5. ADJUSTMENTS TO ITEMIZED DEDUCTIONS	-5,748
6. PERSONAL EXEMPTIONS (FORM 1040, LINE 38)	2,750
7. MODIFIED TAXABLE INCOME (ADD LINES 1,2,3A,3B,4,5 AND 6)	200,914
NOL ON LINE C ABSORBED THIS YEAR	200,914
NOL ON LINE C NOT ABSORBED THIS YEAR	8,468,648

ADJUSTMENTS TO ITEMIZED DEDUCTIONS

8. 1999 ADJUSTED GROSS INCOME	-8,401,216
9. CARRYOVERS FROM YEAR B AND LATER YEARS	8,669,562
10. ADD LINES 3A, 3B AND 4 FROM ABOVE	0
11. MODIFIED AGI (ADD LINES 8, 9 & 10)	268,346

ADJUSTMENT TO CHARITABLE CONTRIBUTIONS

17. CHARITABLE CONTRIBUTIONS (FORM 1040, SCH A, LN 18)	0
18. CHARITABLE CONTRIBUTIONS REFIGURED USING LN 11	10,000
19. SUBTRACT LINE 18 FROM LINE 17	-10,000
TOTAL ITEMIZED DEDUCTIONS ADJUSTMENT (ADD LINES 16, 19, 24 AND 29)	-10,000

As Amended

1999

NOL WORKSHEETS

PAGE 2

THOMAS J. GONZALES

545-13-6755

NET OPERATING LOSS CARRYOVERS USED IN 1999 (CONTINUED)

ADJUSTMENT TO OVERALL ITEMIZED DEDUCTIONS LIMIT

30. FORM 1040, SCHEDULE A, LINE 28	61,684
31. ADD LINES 15, 18, 23, 28 & FORM 1040, SCHEDULE A, LINES 9, 14 & 27	71,684
32. ADD LINES 15, 23 & FORM 1040, SCHEDULE A, LINE 13 & GAMBLING LOSSES, LINE 27	0
33. SUBTRACT LINE 32 FROM LINE 31	71,684
34. MULTIPLY LINE 33 BY 80%	57,347
35. SUBTRACT \$126,600 (\$63,300 IF MFS) FROM LINE 11	141,746
36. MULTIPLY LINE 35 BY 3%	4,252
37. ENTER THE SMALLER OF LINE 34 OR LINE 36	4,252
38. SUBTRACT LINE 37 FROM LINE 31 (NOT LESS THAN STANDARD DEDUCTION)	67,432
39. TOTAL LIMITED ITEMIZED DEDUCTION ADJUSTMENT (SUBTRACT LINE 38 FROM LINE 30)	-5,748

AMT NET OPERATING LOSS CARRYOVERS USED IN 1999

A. CARRY BACK YEAR	1999
B. NOL YEAR	2001
C. INITIAL LOSS	6,348,217
D. NOL CARRYOVER	6,276,205

COMPUTATION OF MODIFIED AMTI

1. AMTI BEFORE ATNOLD (FORM 6251, LINE 19)	232,566
2. ATNOLD LIMITATION PERCENTAGE	0.900
3. MULTIPLY LINE 1 BY 2	209,309
4. PRIOR YEAR AMT CARRYOVERS ABSORBED IN CURRENT YEAR	0
5. MODIFIED AMTI (LINE 3 LESS LINE 4)	209,309
AMT NOL ABSORBED THIS YEAR	209,309
AMT NOL NOT ABSORBED THIS YEAR	6,066,896

As Amended

12/31/99

1999 FEDERAL DEPRECIATION SCHEDULE

PAGE 1

THOMAS J. GONZALES

545-13-6755

NO.	DESCRIPTION	DATE ACQUIRED	DATE SOLD	COST/ BASIS	BUS. 179 PCT. BONUS	CUR PRIOR	179 BONUS	PRIOR DEC. BAL.	BASIS REDUCTN	SALVAGE VALUE	DEPR. BASIS	PRIOR DEPR.	METHOD	LIFE	RATE	CURRENT DEPR.	
SCHEDULE A (POINTS)																	
AMORTIZATION																	
1	POINTS	11/16/98		4,220							4,220			12	S/L	30	141
	TOTAL AMORTIZATION			4,220			0	0	0	0	4,220			12			141
	TOTAL DEPRECIATION			0			0	0	0	0	0						0
	GRAND TOTAL AMORTIZATION			4,220			0	0	0	0	4,220			12			141
	GRAND TOTAL DEPRECIATION			0			0	0	0	0	0						0

As Amended

12/31/99

1999 FEDERAL ALTERNATIVE MINIMUM TAX DEPRECIATION SCHEDULE

PAGE 1

THOMAS J. GONZALES

545-13-6755

NO.	DESCRIPTION	DATE ACQUIRED	DATE SOLD	AMT BASIS	AMT PRIOR DEPR.	AMT METHOD	AMT LIFE	AMT RATE	AMT DEPR.	REG. DEPR.	OMNR. PCT. DEPR	POST-86 ADJ.	REAL PROP PREF.	LEAS PERS PROP PREF
	TOTAL			0	0				0	0		0	0	0
	TOTAL DEPRECIATION			0	0				0	0		0	0	0
	GRAND TOTAL DEPRECIATION			0	0				0	0		0	0	0

As Amended

FORM

1040

Department of the Treasury - Internal Revenue Service
U.S. Individual Income Tax Return 1999

(99) IRS Use Only - Do not write or staple in this space.

OMB No. 1545-0074

For the year Jan. 1 - Dec. 31, 1999, or other tax year beginning

1999, ending

LABEL
HEREYour first name and initial
THOMAS J. GONZALES

Last name

Your social security number

545-13-6755

If a joint return, spouse's first name and initial

Last name

Spouse's social security number

Home address (number and street). If you have a P.O. box, see page 18.

Apt. no.

200 PIEDMONT LANE

City, town or post office, state, and ZIP code. If you have a foreign address, see page 18.

DANVILLE, CA 94526**▲ IMPORTANT! ▲**
You must enter
your SSN(s) above.**Presidential
Election Campaign**
(See page 18.)

Do you want \$3 to go to this fund?

Yes

No

Note: Checking "Yes"
will not change your
tax or reduce your
refund.

If a joint return, does your spouse want \$3 to go to this fund?

Filing StatusCheck only
one box.

- 1 ☒ **Single**
- 2 ☐ **Married filing joint return** (even if only one had income)
- 3 ☐ **Married filing separate return.** Enter spouse's soc. sec. no. above & full name here ▶
- 4 ☐ **Head of household** (with qualifying person). (See page 18.) If the qualifying person is a child but not your dependent, enter this child's name here ▶
- 5 ☐ **Qualifying widow(er) with dependent child** (year spouse died ▶ 19). (See page 18.)

Exemptions6a ☒ **Yourself.** If your parent (or someone else) can claim you as a dependent on his or her tax return, **do not** check box 6a.b ☐ **Spouse**No. of boxes
checked on
6a and 6b**1**c **Dependents:**

(1) First Name

Last name

(2) Dependent's social
security number(3) Dependent's
relationship to you(4) Chk if qualifying
child for child tax
credit (see page 19)No. of your
children on
6c who:

● lived with you

● did not live with
you due to divorce
or separation
(see page 19)Dependents
on 6c not
entered aboveAdd numbers
entered on
lines above**1**

d Total number of exemptions claimed

IncomeAttach
Copy B of your
Forms W-2 and
W-2G here.
Also attach
Form 1099-R if
tax was withheld.If you did not
get a W-2,
see page 20.
Enclose, but do not
attach any payment.
Also, please use
Form 1040-V.

7	Wages, salaries, tips, etc. Attach Form(s) W-2	7	143,963
8a	Taxable interest. Attach Schedule B if required	8a	4,338
b	Tax-exempt interest. DO NOT include on line 8a	8b	
9	Ordinary dividends. Attach Schedule B if required	9	697
10	Taxable refunds, credits, or offsets of state and local income taxes (see page 21)	10	3,903
11	Alimony received	11	
12	Business income or (loss). Attach Schedule C or C-EZ	12	
13	Capital gain or (loss). Attach Schedule D if required. If not required, check here <input type="checkbox"/>	13	115,445
14	Other gains or (losses). Attach Form 4797	14	
15a	Total IRA distributions	15a	
b	Taxable amount (see pg. 22)	15b	
16a	Total pensions and annuities	16a	
b	Taxable amount (see pg. 22)	16b	
17	Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E	17	
18	Farm income or (loss). Attach Schedule F	18	
19	Unemployment compensation	19	
20a	Social security benefits	20a	
b	Taxable amount (see pg. 24)	20b	
21	Other income	21	
22	Add the amounts in the far right column for lines 7 through 21. This is your total income	22	268,346
23	IRA deduction (see page 26)	23	
24	Student loan interest deduction (see page 26)	24	
25	Medical savings account deduction. Attach Form 8853	25	
26	Moving expenses. Attach Form 3903	26	
27	One-half of self-employment tax. Attach Schedule SE	27	
28	Self-employed health insurance deduction (see page 28)	28	
29	Keogh and self-employed SEP and SIMPLE plans	29	
30	Penalty on early withdrawal of savings	30	
31a	Alimony paid. b Recipient's SSN ▶	31a	
32	Add lines 23 through 31a	32	0
33	Subtract line 32 from line 22. This is your adjusted gross income	33	268,346

AS ORIGINALLY FILED**Adjusted
Gross
Income**

Form 1040 (1999) THOMAS J. GONZALES

545-13-6755 Page 2

Tax and Credits		Other Taxes		Payments		Refund		Amount You Owe		Sign Here		Preparer's Use Only	
34 Amount from line 33 (adjusted gross income) 34 268,346 35 a Check if: <input type="checkbox"/> You were 65 or older, <input type="checkbox"/> Blind; <input type="checkbox"/> Spouse was 65 or older, <input type="checkbox"/> Blind. Add the number of boxes checked above and enter the total here 35a b If you are married filing separately and your spouse itemizes deductions or you were a dual-status alien, see page 30 and check here 35b <input type="checkbox"/>													
36 Enter your itemized deductions from Schedule A, line 28, OR standard deduction shown on the left. But see page 30 to find your standard deduction if you checked any box on line 35a or 35b or if someone can claim you as a dependent 36 67,432 37 Subtract line 36 from line 34 37 200,914 38 If line 34 is \$94,975 or less, multiply \$2,750 by the total number of exemptions claimed on line 6d. If line 34 is over \$94,975, see the worksheet on page 31 for the amount to enter 38 0 39 Taxable income. Subtract line 38 from line 37. If line 38 is more than line 37, enter -0- 39 200,914 40 Tax (see page 31). Check if any tax is from a <input type="checkbox"/> Form(s) 8814 b <input type="checkbox"/> Form 4972 40 60,596 41 Credit for child and dependent care expenses. Att. Form 2441 41 42 Credit for the elderly or the disabled. Attach Schedule R 42 43 Child tax credit (see page 33) 43 44 Education credits. Attach Form 8863 44 45 Adoption credit. Attach Form 8839 45 46 Foreign tax credit. Attach Form 1116 if required 46 47 Other. Check if from a <input type="checkbox"/> Form 3800 b <input type="checkbox"/> Form 8396 c <input type="checkbox"/> Form 8801 d <input type="checkbox"/> Form (specify) 47 48 Add lines 41 through 47. These are your total credits 48 49 Subtract line 48 from line 40. If line 48 is more than line 40, enter -0- 49 60,596													
50 Self-employment tax. Att. Sch. SE 50 51 Alternative minimum tax. Attach Form 6251 51 52 Social security and Medicare tax on tip income not reported to employer. Attach Form 4137 52 53 Tax on IRAs, other retirement plans, and MSAs. Attach Form 5329 if required 53 54 Advance earned income credit payments from Form(s) W-2 54 55 Household employment taxes. Attach Schedule H 55 56 Add lines 49 through 55. This is your total tax 56 60,596													
57 Federal income tax withheld from Forms W-2 and 1099 57 38,873 58 1999 estimated tax payments and amount applied from 1998 return 58 59 a Earned income credit. Att. Sch. EIC if you have a qualifying child. b Nontaxable earned income: amt. <input type="text"/> and type <input type="text"/> 59a 60 Additional child tax credit. Attach Form 8812 60 61 Amount paid with request for extension to file (see page 48) 61 62 Excess social security and RRTA tax withheld (see page 48) 62 63 Other payments. Check if from a <input type="checkbox"/> Form 2439 b <input type="checkbox"/> Form 4136 63 64 Add lines 57, 58, 59a, and 60 through 63. These are your total payments 64 38,873 65 If line 64 is more than line 56, subtract line 56 from line 64. This is the amount you OVERPAID 65 66a Amount of line 65 you want REFUNDED TO YOU 66a b Routing number <input type="text"/> c Type: <input type="checkbox"/> Checking <input type="checkbox"/> Savings d Account number <input type="text"/> 67 Amount of line 65 you want APPLIED TO 2000 ESTIMATED TAX 67													
68 If line 56 is more than line 64, subtract line 64 from line 56. This is the amount you OWE . For details on how to pay, see page 49 68 21,723 69 Estimated tax penalty. Also include on line 68 69													
Sign Here Joint return? See page 18. Keep a copy for your records. Your signature _____ Date _____ Your occupation CHIEF TECHNOLOGY O Daytime telephone number (optional) _____ Spouse's signature. If a joint return, BOTH must sign. _____ Date _____ Spouse's occupation _____													
Preparer's Use Only Preparer's signature STEVEN P. SMITH Date _____ Check if self-employed <input type="checkbox"/> Preparer's SSN or PTIN 573-90-7124 Firm's name (or yours if self-employed) and address COMYNS, SMITH, MCCLEARY & DEAV EIN 68-0307221 3470 MT. DIABLO BLVD. #A110 ZIP code 94549 LAFAYETTE, CA LATE PAYMENT 760 INTEREST 1,005 TOTAL 23,488 Form 1040 (1999)													

AS ORIGINALLY FILED

SCHEDULES A&B
(Form 1040)Department of the Treasury
Internal Revenue Service (99)
Name shown on Form 1040**Schedule A - Itemized Deductions**

OMB No. 1545-0074

1999Attachment
Sequence No. **07**▶ **Attach to Form 1040.**▶ **See Instructions for Schedules A and B (Form 1040).**

Your social security number

545-13-6755**OMAS J. GONZALES**

Medical and Dental Expenses	Caution: Do not include expenses reimbursed or paid by others.			
1	Medical and dental expenses (see page A-1)	1		
2	Enter amount from Form 1040, line 34	2		
3	Multiply line 2 above by 7.5% (.075)	3		
4	Subtract line 3 from line 1. If line 3 is more than line 1, enter -0-	4		0
Taxes You Paid	5 State and local income taxes	5	23,323	
(See page A-2.)	6 Real estate taxes (see page A-2)	6	3,634	
	7 Personal property taxes	7	2,850	
	8 Other taxes. List type and amount			
	9 Add lines 5 through 8	9		29,807
Interest You Paid	10 Home mortgage interest and points reported on Form 1098	10	31,736	
(See page A-3.)	11 Home mortgage interest not reported on Form 1098. If paid to the person from whom you bought the home, see page A-3 & show that person's name, ID no. & address	11		
	12 Points not reported on Form 1098. See page A-3	12	141	
	13 Investment interest. Attach Form 4952, if required. (See page A-4)	13		
	14 Add lines 10 through 13	14		31,877
Gifts	15 Gifts by cash or check. If any gift of \$250 or more, see pg. A-4.	15	10,000	
(If you made a gift and got a benefit for it, see page A-5.)	16 Other than by cash or check. If any gift of \$250 or more, see page A-4. You MUST attach Form 8283 if over \$500	16		
	17 Carryover from prior year	17		
	18 Add lines 15 through 17	18		10,000
Casualty and Theft Losses	19 Casualty or theft loss(es). Attach Form 4684. (See page A-5.)	19		0
Job Expenses and Most Other Miscellaneous Deductions	20 Unreimbursed employee expenses - job travel, union dues, job education, etc. You MUST attach Form 2106 or 2106-EZ if required. (See page A-5.)	20		
	21 Tax preparation fees	21		
	22 Other expenses - investment, safe deposit box, etc. List type and amount	22		
(See page A-5 for expenses to deduct here.)	23 Add lines 20 through 22	23		
	24 Enter amount from Form 1040, line 34	24		
	25 Multiply line 24 above by 2% (.02)	25		
	26 Subtract line 25 from line 23. If line 25 is more than line 23, enter -0-	26		0
Other Miscellaneous Deductions	27 Other - from list on page A-6. List type and amount	27		0
Total Itemized Deductions	28 Is Form 1040, line 34, over \$126,600 (over \$63,300 if married filing separately)? <input type="checkbox"/> No. Your deduction is not limited. Add the amounts in the far right column for lines 4 through 27. Also, enter this amount on Form 1040, line 36. <input checked="" type="checkbox"/> Yes. Your deduction may be limited. See page A-6 for the amount to enter.	28	REDUCTION - 4,252	67,432

AS-ORIGINALLY FILED

Schedules A&B (Form 1040) 1999

Name(s) shown on Form 1040. Do not enter name and social security number if shown on other side.

OMB No. 1545-0074

Page 2

THOMAS J. GONZALES

Your social security number

545-13-6755

Schedule B - Interest and Ordinary Dividends

Attachment
Sequence No. 08

Note: If you had over \$400 in taxable interest, you must also complete Part III.

Part I
Interest(See page B-1
and the
instructions for
Form 1040,
line 8a.)Note: If you
received a Form
1099-INT, Form
1099-OID, or
substitute
statement from
a brokerage firm,
list the firm's
name as the
payer and enter
the total interest
shown on that
form.

- 1 List name of payer. If any interest is from a seller-financed mortgage and the buyer used the property as a personal residence, see page B-1 and list this interest first. Also, show that buyer's social security number and address ►

FRANCHISE TAX BOARD
MT DIABLO NAT'L BANK
WELLS FARGO

Amount

10

4,303

25

1

- 2 Add the amounts on line 1. 2 4,338
- 3 Excludable interest on series EE and I U.S. savings bonds issued after 1989 from Form 8815, line 14. You MUST attach Form 8815. 3
- 4 Subtract line 3 from line 2. Enter the result here and on Form 1040, line 8a. 4 4,338

Note: If you had over \$400 in ordinary dividends, you must also complete Part III.

Part II
Ordinary
Dividends(See page B-1
and the
instructions for
Form 1040,
line 9.)

- 5 List name of payer. Include only ordinary dividends. If you received any capital gain distributions, see the instructions for Form 1040, line 13. ►

MERRILL LYNCH
DLJ INVESTMENT

Amount

608

89

5

Note: If you
received a Form
1099-DIV or
substitute
statement from
a brokerage
firm, list the
firm's name as
the payer
and enter
the ordinary
dividends shown
on that form.

- 6 Add the amounts on line 5. Enter the total here and on Form 1040, line 9. 6 697

Part III
Foreign
Accounts
and
Trusts

You must complete this part if you (a) had over \$400 of interest or ordinary dividends; (b) had a foreign account; or (c) received a distribution from, or were a grantor of, or a transferor to, a foreign trust.

Yes No

- 7a At any time during 1999, did you have an interest in or a signature or other authority over a financial account in a foreign country, such as a bank account, securities account, or other financial account? See page B-2 for exceptions and filing requirements for Form TD F 90-22.1

X

- b If "Yes," enter the name of foreign country ►

- 8 During 1999, did you receive a distribution from, or were you the grantor of, or transferor to, a foreign trust? If "Yes," you may have to file Form 3520. See page B-2

X

AS ORIGINALLY FILED

KFA For Paperwork Reduction Act Notice, see Form 1040 Instructions.

Schedule B (Form 1040) 1999

SCHEDULE D
(Form 1040)Department of the Treasury
Internal Revenue Service (99)
Not shown on Form 1040**Capital Gains and Losses**

- **Attach to Form 1040.** ► **See instructions for Schedule D (Form 1040).**
 ► **Use Schedule D-1 for more space to list transactions for lines 1 and 8.**

OMB No. 1545-0074

1999Attachment
Sequence No. **12**

THOMAS J. GONZALES

Your social security number

545-13-6755

Part I Short-Term Capital Gains and Losses - Assets Held One Year or Less

(a) Description of property (Example, 100 sh. XYZ Co.)	(b) Date acquired (Mo., day, yr.)	(c) Date sold (Mo., day, yr.)	(d) Sales price (see page D-5)	(e) Cost or other basis (see page D-5)	(f) GAIN or (LOSS) Subtract (e) from (d)
COBALT NETWORKS-500 SHRS	11/04/99	11/10/99	60,276	11,000	49,276
FINISAR CORP-400 SHRS	11/11/99	11/12/99	31,874	7,600	24,274
NEXT LEVEL-200 SHRS	11/09/99	11/10/99	10,434	4,000	6,434
WEBVAN GROUP-500 SHRS	11/04/99	11/05/99	13,232	7,500	5,732
2 Enter your short-term totals, if any, from Schedule D-1, line 2	2	72,529			29,729

3 Total short-term sales price amounts.

Add column (d) of lines 1 and 2

3 188,345

**4 Short-term gain from Form 6252 and short-term gain or (loss) from
Forms 4684, 6781, and 8824**

4

5 Net short-term gain or (loss) from partnerships, S corporations, estates, and trusts from Schedule(s) K-1

5

**6 Short-term capital loss carryover. Enter the amount, if any, from line 8 of your
1998 Capital Loss Carryover Worksheet**

6

7 Net short-term capital gain or (loss). Combine lines 1 through 6 in column (f)

7

115,445

Part II Long-Term Capital Gains and Losses - Assets Held More Than One Year

(a) Description of property (Example, 100 sh. XYZ Co.)	(b) Date acquired (Mo., day, yr.)	(c) Date sold (Mo., day, yr.)	(d) Sales price (see page D-5)	(e) Cost or other basis (see page D-5)	(f) GAIN or (LOSS) Subtract (e) from (d)	(g) 28% RATE GAIN or (LOSS) * (see instr. below)
9 Enter your long-term totals, if any, from Schedule D-1, line 9	9					
10 Total long-term sales price amounts. Add column (d) of lines 8 and 9	10					

**11 Gain from Form 4797, Part I; long-term gain from Forms 2439 and 6252;
and long-term gain or (loss) from Forms 4684, 6781, and 8824****AS ORIGINALLY FILED****12 Net long-term gain or (loss) from partnerships, S corporations, estates, and trusts from Schedule(s) K-1**

12

13 Capital gain distributions. See page D-1

13

**14 Long-term capital loss carryover. Enter in both columns (f) and (g) the amount,
if any, from line 13 of your 1998 Capital Loss Carryover Worksheet**

14

15 Combine lines 8 through 14 in column (g)

15

16 Long-term capital gain or (loss). Combine lines 8 through 14 in column (f)

16

Go to Part III on the back.

* 28% Rate Gain or Loss includes all "collectibles gains and losses" (as defined on page D-5) and up to 50% of the eligible gain on qualified small business stock (see page D-4).

For Paperwork Reduction Act Notice, see Form 1040 instructions.

Schedule D (Form 1040) 1999

Schedule D (Form 1040) 1999

THOMAS J. GONZALES

545-13-6755 Page 2

Part III Summary of Parts I and II

17	Combine lines 7 and 16. If a loss, go to line 18. If a gain, enter the gain on Form 1040, line 13 Next: Complete Form 1040 through line 39. Then, go to Part IV to figure your tax if: • Both lines 16 and 17 are gains, and • Form 1040, line 39, is more than zero.	17	115,445
18	If line 17 is a loss, enter here and as a (loss) on Form 1040, line 13, the smaller of these losses: • The loss on line 17; or • (\$3,000) or, if married filing separately, (\$1,500) Next: Skip Part IV below. Instead, complete Form 1040 through line 37. Then, complete the Capital Loss Carryover Worksheet on page D-6 if: • The loss on line 17 exceeds the loss on line 18, or • Form 1040, line 37, is a loss.	18	()

Part IV Tax Computation Using Maximum Capital Gains Rates

19	Enter your taxable income from Form 1040, line 39	19	
20	Enter the smaller of line 16 or line 17 of Schedule D	20	
21	If you are filing Form 4952, enter the amount from Form 4952, line 4e	21	
22	Subtract line 21 from line 20. If zero or less, enter -0-	22	
23	Combine lines 7 and 15. If zero or less, enter -0-	23	
24	Enter the smaller of line 15 or line 23, but not less than zero	24	
25	Enter your unrecaptured section 1250 gain, if any, from line 16 of the worksheet on page D-7	25	
26	Add lines 24 and 25	26	
27	Subtract line 26 from line 22. If zero or less, enter -0-	27	
28	Subtract line 27 from line 19. If zero or less, enter -0-	28	
29	Enter the smaller of: • The amount on line 19, or • \$25,750 if single; \$43,050 if married filing jointly or qualifying widow(er); • \$21,525 if married filing separately; or \$34,550 if head of household	29	
30	Enter the smaller of line 28 or line 29	30	
31	Subtract line 22 from line 19. If zero or less, enter -0-	31	
32	Enter the larger of line 30 or line 31	32	
33	Figure the tax on the amount on line 32. Use the Tax Table or Tax Rate Schedules, whichever applies Note: If line 29 is less than line 28, go to line 38.	33	
34	Enter the amount from line 29	34	
35	Enter the amount from line 28	35	
36	Subtract line 35 from line 34. If zero or less, enter -0-	36	
37	Multiply line 36 by 10% (.10) Note: If line 27 is more than zero and equal to line 36, go to line 52.	37	
38	Enter the smaller of line 19 or line 27	38	
39	Enter the amount from line 36	39	
40	Subtract line 39 from line 38	40	
41	Multiply line 40 by 20% (.20) Note: If line 25 is zero or blank, skip lines 42 through 47 and read the note above line 48.	41	
42	Enter the smaller of line 22 or line 25	42	
43	Add lines 22 and 32	43	
44	Enter the amount from line 19	44	
45	Subtract line 44 from line 43. If zero or less, enter -0-	45	
46	Subtract line 45 from line 42. If zero or less, enter -0-	46	
47	Multiply line 46 by 25% (.25) Note: If line 24 is zero or blank, go to line 52.	47	
48	Enter the amount from line 19	48	
49	Add lines 32, 36, 40, and 46	49	
50	Subtract line 49 from line 48	50	
51	Multiply line 50 by 28% (.28)	51	
52	Add lines 33, 37, 41, 47, and 51	52	
53	Figure the tax on the amount on line 19. Use the Tax Table or Tax Rate Schedules, whichever applies	53	
54	Tax on all taxable income including capital gains. Enter the smaller of line 52 or line 53 here and on Form 1040, line 40	54	0

Schedule D (Form 1040) 1999

1999

FEDERAL STATEMENTS

PAGE 1

THOMAS J. GONZALES

545-13-6755

STATEMENT 1
FORM 1040
WAGE SCHEDULE

TAXPAYER - EMPLOYER	WAGES	FEDERAL W/H	FICA	MEDI- CARE	STATE W/H	SDI
COMMERCE ONE INC	143,963	38,873	4,501	2,232	11,164	159
GRAND TOTAL	<u>143,963</u>	<u>38,873</u>	<u>4,501</u>	<u>2,232</u>	<u>11,164</u>	<u>159</u>

STATEMENT 2
SCHEDULE A, LINE 10
HOME MORTGAGE INTEREST REPORTED ON FORM 1098

BANK UNITED	\$	23,322
CONSECO		6,304
NATIONAL CITY		2,110
TOTAL	\$	<u>31,736</u>

STATEMENT 3
SCHEDULE A, LINE 12
DEDUCTIBLE POINTS

AMORTIZATION	\$	141
TOTAL	\$	<u>141</u>

STATEMENT 4
SCHEDULE A, LINE 15
CONTRIBUTIONS BY CASH OR CHECK

VARIOUS	\$	10,000
TOTAL	\$	<u>10,000</u>

AS ORIGINALLY FILED

12/31/99

1999 FEDERAL DEPRECIATION SCHEDULE

PAGE 1

THOMAS J. GONZALES

545-13-6755

NO.	DESCRIPTION	DATE ACQUIRED	DATE SOLD	COST/ BASIS	BUS. PCT.	CUR. 179 BONUS	PRIOR 179 BONUS	DEC. BAL. DEPR.	BASIS REDUCTN	SALVAGE VALUE	DEPR. BASIS	PRIOR DEPR.	METHOD	LIFE	RATE	CURRENT DEPR.
SCHEDULE A (POINTS)																
AMORTIZATION																
1	POINTS	11/16/98		4,220							4,220		12	S/L	30	141
	TOTAL AMORTIZATION			4,220		0	0	0	0	0	4,220		12			141
	TOTAL DEPRECIATION			0		0	0	0	0	0	0					0
	GRAND TOTAL AMORTIZATION			4,220		0	0	0	0	0	4,220		12			141
	GRAND TOTAL DEPRECIATION			0		0	0	0	0	0	0		0			0

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12/31/99

1999 FEDERAL ALTERNATIVE MINIMUM TAX DEPRECIATION SCHEDULE

PAGE 1

THOMAS J. GONZALES

545-13-6755

NO.	DESCRIPTION	DATE ACQUIRED	DATE SOLD	AMT BASIS	AMT PRIOR DEPR.	AMT METHOD LIFE	AMT RATE	AMT DEPR.	REG. DEPR.	OWNR. PCT. DEPR ADJ.	POST-86 PREF.	REAL PROP LEAS	PERS PROP PREF
	TOTAL			0	0			0	0	0	0	0	0
	TOTAL DEPRECIATION			0	0			0	0	0	0	0	0
	GRAND TOTAL DEPRECIATION			0	0			0	0	0	0	0	0

AS ORIGINALLY FILED

DECEASED (THOMAS J. GONZALES) 12/04/01
1040X
Department of the Treasury - Internal Revenue Service
Amended U.S. Individual Income Tax Return
(Rev. November 2000) ▶ See separate instructions. OMB No. 1545-0091

return is for calendar year ▶ 2000, or fiscal year ended ▶

Your first name and initial: THOMAS J. GONZALES Last name: GONZALES
If a joint return, spouse's first name and initial: Last name: Your social security number: 545-13-6755
Spouse's social security number:
Home address (no. and street) or P.O. box if mail is not delivered to your home: 134 LAKES BLVD Apt. no.: Phone number: 925 941-6014
City, town or post office, state, and ZIP code. If you have a foreign address, see page 2 of the instructions. DAYTON, NV 89403
For Paperwork Reduction Act Notice, see page 6.

A If the name or address shown above is different from that shown on the original return, check here
B Has the original return been changed or audited by the IRS or have you been notified that it will be? ☒ Yes ☐ No
C Filing status. Be sure to complete this line. Note: You cannot change from joint to separate returns after the due date.
On original return ▶ ☒ Single ☐ Married filing joint return ☐ Married filing separate return ☐ Head of household ☐ Qualifying widow(er)
On this return ▶ ☒ Single ☐ Married filing joint return ☐ Married filing separate return ☐ Head of household ☐ Qualifying widow(er)
* If the qualifying person is a child but not your dependent, see page 2.

Use Part II on the Back to Explain any Changes

Income and Deductions (see pages 2-6)		A. Original amount or as previously adjusted (see page 2)	B. Net change - amount of increase or (decrease) - explain in Part II	C. Correct amount
1	Adjusted gross income (see page 3)	618,923	-8,468,648	-7,849,725
2	Itemized deductions or standard deduction (see page 3)	461,279	16,077	477,356
3	Subtract line 2 from line 1	157,644	-8,484,725	-8,327,081
4	Exemptions. If changing, fill in Parts I and II on the back		2,800	2,800
5	Taxable income. Subtract line 4 from line 3	157,644	-8,487,525	-8,329,881
6	Tax (see page 4). Method used in col. C TAX TABLE	174,211	-166,198	8,013
7	Credits (see page 4)			
8	Subtract line 7 from line 6. Enter the result but not less than zero	174,211	-166,198	8,013
9	Other taxes (see page 4)			
10	Total tax. Add lines 8 and 9	174,211	-166,198	8,013
11	Federal income tax withheld and excess social security and RRTA tax withheld. If changing, see page 5	57,307		57,307
12	Estimated tax payments, including amt applied from prior year's return			
13	Earned income credit (EIC)			
14	Additional child tax credit from Form 8812			
15	Credits from Form 2439 or Form 4136			
16	Amount paid with request for extension of time to file (see page 5)			
17	Amount of tax paid with original return plus additional tax paid after it was filed			846,000
18	Total payments. Add lines 11 through 17 in column C			31,478,202
Refund or Amount You Owe				32,381,509
19	Overpayment, if any, as shown on original return or as previously adjusted by the IRS			32,207,298
20	Subtract line 19 from line 18 (see page 5)			174,211
21	Amount you owe. If line 10, column C, is more than line 20, enter the difference and see page 5			
22	If line 10, column C, is less than line 20, enter the difference			166,198
23	Amount of line 22 you want refunded to you			166,198
24	Amount of line 22 you want applied to your estimated tax	24		

Sign Here
Joint return? See page 2. Keep a copy for your records.
Under penalties of perjury, I declare that I have filed an original return and that I have examined this amended return, including accompanying schedules and statements, and to the best of my knowledge and belief, this amended return is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which the preparer has any knowledge.

Your signature: *Steven P. Smith* Date: 8-10-07
Preparer's signature: STEVEN P. SMITH Date: 7/24/07
Spouse's signature. If a joint return, both must sign. Date:
Firm's name (or yours if self-employed), address, and ZIP code: COMYNS, SMITH, MCCLEARY & DEAV
3470 MT. DIABLO BLVD. #A110
LAFAYETTE, CA 94549
Check if self-employed ☐
Preparer's SSN or PTIN: 573-90-7124
EIN: 68-0307221
Phone no.: (925) 299-1040

Paid Preparer's Use Only
KFA

Form 1040X (Rev. 11-2000) THOMAS J. GONZALES

545-13-6755 Page 2

Part I Exemptions. See Form 1040 or 1040A instructions.

If you are **not changing your exemptions**, do not complete this part.
 If claiming **more exemptions**, complete lines 25-31.
 If claiming **fewer exemptions**, complete lines 25-30.

		A. Original number of exemptions reported or as previously adjusted	B. Not change	C. Correct number of exemptions
25	Yourself and spouse	1		1
26	Your dependent children who lived with you			
27	Your dependent children who did not live with you due to divorce/separation			
28	Other dependents			
29	Total number of exemptions. Add lines 25 through 28	1		1
30	Multiply the number of exemptions claimed on line 29 by the amount listed below for the tax year you are amending. Enter the result here and on line 4.			
			2,800	2,800

Tax year
 2000
 1999
 1998
 1997

Exemption amount
 \$2,800
 2,750
 2,700
 2,650

But see the instructions for line 4 on page 3 if the amount on line 1 is over:
 \$98,700
 94,975
 93,400
 90,900

31 Dependents (children and other) not claimed on original (or adjusted) return:
Note: For tax years after 1997, do not complete column (e) below. For tax year 1997, do not complete column (d) below.

(a) First Name	Last Name	(b) Dependent's social security number	(c) Dependent's relationship to you	(d) Check if qualifying child for child tax credit (see page 5)	(e) No. of months lived in your home
				<input type="checkbox"/>	
				<input type="checkbox"/>	
				<input type="checkbox"/>	
				<input type="checkbox"/>	
				<input type="checkbox"/>	
				<input type="checkbox"/>	
				<input type="checkbox"/>	
				<input type="checkbox"/>	

No. of your children on line 31 who:

• lived with you ☐

• did not live with you due to divorce or separation (see page 5) ☐

Dependents on line 31 not entered above ☐

Part II Explanation of Changes to Income, Deductions, and Credits

Enter the line number from the front of the form for each item you are changing and give the reason for each change. Attach only the supporting forms and schedules for the items changed. If you do not attach the required information, your Form 1040X may be returned. Be sure to include your name and social security number on any attachments.

If the change relates to a net operating loss carryback or a general business credit carryback, attach the schedule or form that shows the year in which the loss or credit occurred. See page 2 of the instructions. Also, check here ☒

TAXPAYER IS CARRYING BACK NET OPERATING LOSS FROM 2001 AS ADJUSTED PURSUANT TO REFUND CLAIM SUBMITTED. TAXPAYER UNDERSTANDS THAT THE CARRYBACK OF A 2001 NET OPERATING LOSS IS TO BE CARRIED BACK PURSUANT TO A FIVE YEAR CARRYBACK, IE, TO 1996, THEN 1997 AND SO ON. SINCE TAXPAYER IS NOT IN POSSESSION OF HIS 1996 AND 1997 RETURNS, YET CONFIDENT THAT THE LOSS IN 2001 IS SUFFICIENT IN AMOUNT TO OFFSET ALL TAXABLE INCOME REPORTED IN THE ENTIRE FIVE YEAR CARRYBACK PERIOD, HE IS TEMPORARILY SKIPPING THE 1996 AND 1997 AND LEAVING IT TO BE DETERMINED LATER. SEE ATTACHED SCHEDULE REFLECTING USAGE OF THE 2001 NET OPERATING LOSS.

Part III Presidential Election Campaign Fund. Checking below will not increase your tax or reduce your refund.

If you did not previously want \$3 go to the fund but now want to, check here ☐

If a joint return and your spouse did not previously want \$3 go to the fund but now wants to, check here ☐

2001

NOL WORKSHEETS

PAGE 1

THOMAS J. GONZALES

545-13-6755

COMPUTATION OF 2001 NET OPERATING LOSS

1. ADJUSTED GROSS INCOME		
2A. ITEMIZED OR STANDARD DEDUCTION		-6,558,190.
2B. EXEMPTION DEDUCTION	2,196,483.	
2C. ADD LINES 2A AND 2B	2,900.	
3. SUBTRACT LINE 2C FROM LINE 1		2,199,383.
4. EXEMPTION DEDUCTION FROM LINE 2B		-8,757,573.
5. NONBUSINESS CAPITAL LOSSES		2,900.
6. NONBUSINESS CAPITAL GAINS	14,741,873.	
7. EXCESS OF LINE 5 OVER LINE 6	983,607.	
8. EXCESS OF LINE 6 OVER LINE 5	13,758,266.	
9. NONBUSINESS DEDUCTIONS	0.	
10. NONBUSINESS INCOME	210,114.	
11. ADD LINES 8 AND 10	966,343.	
12. EXCESS OF LINE 9 OVER LINE 11	966,343.	
13. EXCESS OF LINE 11 OVER LINE 9	0.	0.
14. BUSINESS CAPITAL LOSSES	0.	
15. BUSINESS CAPITAL GAINS	19,000.	
16. ADD LINES 13 AND 15	19,000.	
17. EXCESS OF LINE 14 OVER LINE 16	0.	
18. ADD LINES 7 AND 17	13,758,266.	
19. LOSS FROM SCHEDULE D, LINE 17	13,739,266.	
20. SECTION 1202 EXCLUSION		0.
21. SUBTRACT LINE 20 FROM LINE 19	13,739,266.	
22. LOSS FROM SCHEDULE D, LINE 18	3,000.	
23. SUBTRACT LINE 22 FROM LINE 21	13,736,266.	
24. SUBTRACT LINE 21 FROM LINE 22		0.
25. SUBTRACT LINE 23 FROM LINE 18		22,000.
26. PRIOR YEARS' NET OPERATING LOSSES		0.
27. 2001 NET OPERATING GAIN (LOSS)		
(COMBINE LINES 3, 4, 12, 20, 24, 25, AND 26)		<u>-8,732,673.</u>

2001

NOL WORKSHEETS

PAGE 2

THOMAS J. GONZALES

545-13-6755

COMPUTATION OF 2001 AMT NET OPERATING LOSS

1.	FORM 6251, LINE 21		
2.	NONBUSINESS CAPITAL LOSSES		-6,370,217.
3.	NONBUSINESS CAPITAL GAINS	14,741,873.	
4.	EXCESS OF LINE 2 OVER LINE 3	983,607.	
5.	EXCESS OF LINE 3 OVER LINE 2	13,758,266.	
6.	NONBUSINESS DEDUCTIONS	0.	
7.	NONBUSINESS INCOME	6,559.	
8.	ADD LINES 5 AND 7	822,570.	
9.	EXCESS OF LINE 6 OVER LINE 8	822,570.	
10.	EXCESS OF LINE 8 OVER LINE 6		0.
11.	BUSINESS CAPITAL LOSSES	0.	
12.	BUSINESS CAPITAL GAINS	0.	
13.	ADD LINES 10 AND 12	19,000.	
14.	EXCESS OF LINE 11 OVER LINE 13	19,000.	
15.	ADD LINES 4 AND 14	0.	
16.	LOSS FROM SCHEDULE D, LINE 17	13,758,266.	
17.	SECTION 1202 EXCLUSION	13,739,266.	
18.	SUBTRACT LINE 17 FROM LINE 16		0.
19.	LOSS FROM SCHEDULE D, LINE 18	13,739,266.	
20.	SUBTRACT LINE 19 FROM LINE 18	3,000.	
21.	SUBTRACT LINE 18 FROM LINE 19	13,736,266.	
22.	SUBTRACT LINE 20 FROM LINE 15		0.
23.	2001 AMT NET OPERATING GAIN (LOSS)		22,000.
	(COMBINE LINES 1, 9, 17, 21, AND 22)		<u>-6,348,217.</u>

Thomas J. Gonzales

	Regular	AMT
2001 Per NOL Worksheets	(8,732,673)	(6,348,217)
1996	TBD	TBD
To 1997	(8,732,673)	(6,348,217)
1997	TBD	TBD
To 1998	(8,732,673)	(6,348,217)
1998 Per NOL Worksheets	63,111	72,012
To 1999	(8,669,562)	(6,276,205)
1999 Per NOL Worksheets	200,914	209,309
To 2000	(8,468,648)	(6,066,896)
2000 Per NOL Worksheets	160,794	581,114
Unused NOL	(8,307,854)	(5,485,782)

DECEASED: THOMAS J. GONZALES 12/04/01

F
R
M

1040

Department of the Treasury - Internal Revenue Service

U.S. Individual Income Tax Return 2000

(99) IRS Use Only - Do not write or staple in this space.

For the year Jan. 1 - Dec. 31, 2000, or other tax year beginning

, 2000, ending

, 20

OMB No. 1545-0074

Label

Instructions
on page 19.)Use the IRS
label.
Otherwise,
please print
or type.L
A
B
E
L

H
E
R
E

Your first name and initial

Last name

THOMAS J. GONZALES

If a joint return, spouse's first name and initial

Last name

Home address (number and street). If you have a P.O. box, see page 19.

Apt. no.

134 LAKES BLVD

City, town or post office, state, and ZIP code. If you have a foreign address, see page 19.

DAYTON, NV 89403

Your social security number

545-13-6755

Spouse's social security number

▲ **IMPORTANT!** ▲
You must enter
your SSN(s) above.Presidential
Election Campaign
(See page 19.)

Note. Checking "Yes" will not change your tax or reduce your refund.

Do you, or your spouse if filing a joint return, want \$3 to go to this fund? ▶

You

Spouse

☐ Yes ☒ No☐ Yes ☐ No

Filing Status

Check only
one box.1 ☒ Single2 ☐ Married filing joint return (even if only one had income)3 ☐ Married filing separate return. Enter spouse's soc. sec. no. above & full name here ▶4 ☐ Head of household (with qualifying person). (See page 19.) If the qualifying person is a child but not your dependent,
enter this child's name here ▶5 ☐ Qualifying widow(er) with dependent child (year spouse died ▶). (See page 19.)

Exemptions

6a ☒ Yourself. If your parent (or someone else) can claim you as a dependent on his or her tax
return, do not check box 6a.b ☐ Spouse

c Dependents:

(1) First Name Last name

(2) Dependent's social
security number(3) Dependent's
relationship to you(4) Chk if qualifying
child for child tax
credit (see page 20)No. of boxes
checked on
6a and 6b

1

No. of your
children on
6c who:
● lived with you
● did not live with
you due to divorce
or separation
(see page 20)Dependents
on 6c not
entered aboveAdd numbers
entered on
lines above ▶

d Total number of exemptions claimed

1

Income

Attach
Forms W-2 and
W-2G here.
Also attach
Form 1099-R if
tax was withheld.If you did not
get a W-2,
see page 21.

Enclose, but do not
attach any payment.
Also, please use
Form 1040-V.

7 Wages, salaries, tips, etc. Attach Form(s) W-2

8a Taxable interest. Attach Schedule B if required

b Tax-exempt interest. Do not include on line 8a.

8b

9 Ordinary dividends. Attach Schedule B if required

10 Taxable refunds, credits, or offsets of state and local income taxes (see page 22)

11 Alimony received

12 Business income or (loss). Attach Schedule C or C-EZ

13 Capital gain or (loss). Attach Schedule D if required. If not required, check here ▶ ☐

14 Other gains or (losses). Attach Form 4797

15a Total IRA distributions

15a

b Taxable amount (see pg. 23)

16a Total pensions and annuities

16a

b Taxable amount (see pg. 23)

17 Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E

18 Farm income or (loss). Attach Schedule F

19 Unemployment compensation

20a Social security benefits

20a

b Taxable amount (see pg. 25)

21 Other income. SEE STATEMENT 2

22 Add the amounts in the far right column for lines 7 through 21. This is your total income

7 207,545

8a 720,233

9 708,509

10 3,931

13 -3,000

17 -919,016

21 -8,567,927

22 -7,849,725

Adjusted
Gross
Income

23 IRA deduction (see page 27)

24 Student loan interest deduction (see page 27)

25 Medical savings account deduction. Attach Form 8853

26 Moving expenses. Attach Form 3903

27 One-half of self-employment tax. Attach Schedule SE

28 Self-employed health insurance deduction (see page 29)

29 Self-employed SEP, SIMPLE, and qualified plans

30 Penalty on early withdrawal of savings

31a Alimony paid. b Recipient's SSN ▶

32 Add lines 23 through 31a

33 Subtract line 32 from line 22. This is your adjusted gross income.

As Amended

32 0

33 -7,849,725

Form 1040 (2000) THOMAS J. GONZALES

545-13-6755 Page 2

Tax and Credits		34 Amount from line 33 (adjusted gross income) 34 -7,849,725	
35a Check if: <input type="checkbox"/> You were 65 or older, <input type="checkbox"/> Blind; <input type="checkbox"/> Spouse was 65 or older, <input type="checkbox"/> Blind. Add the number of boxes checked above and enter the total here ▶ 35a			
b If you are married filing separately and your spouse itemizes deductions, or you were a dual-status alien, see page 31 and check here ▶ 35b <input type="checkbox"/>			
36 Enter your itemized deductions from Schedule A, line 28, or standard deduction shown on the left. But see page 31 to find your standard deduction if you checked any box on line 35a or 35b or if someone can claim you as a dependent 36 477,356			
37 Subtract line 36 from line 34 37 -8,327,081			
38 If line 34 is \$96,700 or less, multiply \$2,800 by the total number of exemptions claimed on line 6d. If line 34 is over \$96,700, see the worksheet on page 32 for the amount to enter 38 2,800			
39 Taxable income. Subtract line 38 from line 37. If line 38 is more than line 37, enter -0- 39 0			
40 Tax (see page 32). Check if any tax is from a <input type="checkbox"/> Form(s) 8814 b <input type="checkbox"/> Form 4972. 40 0			
41 Alternative minimum tax. Attach Form 6251 41 8,013			
42 Add lines 40 and 41 42 8,013			
43 Foreign tax credit. Attach Form 1116 if required 43			
44 Credit for child and dependent care expenses. Att. Form 2441 44			
45 Credit for the elderly or the disabled. Attach Schedule R 45			
46 Education credits. Attach Form 8863 46			
47 Child tax credit (see page 36) 47			
48 Adoption credit. Attach Form 8839 48			
49 Other. Check if from a <input type="checkbox"/> Form 3800 b <input type="checkbox"/> Form 8396 c <input type="checkbox"/> Form 8801 d <input type="checkbox"/> Form (specify) 49			
50 Add lines 43 through 49. These are your total credits 50			
51 Subtract line 50 from line 42. If line 50 is more than line 42, enter -0- 51 8,013			
Other Taxes			
52 Self-employment tax. Att. Sch. SE 52			
53 Social security and Medicare tax on tip income not reported to employer. Attach Form 4137 53			
54 Tax on IRAs, other retirement plans, and MSAs. Attach Form 5329 if required 54			
55 Advance earned income credit payments from Form(s) W-2 55			
56 Household employment taxes. Attach Schedule H 56			
57 Add lines 51 through 56. This is your total tax 57 8,013			
Payments			
58 Federal income tax withheld from Forms W-2 and 1099 58 57,307			
59 2000 estimated tax payments and amount applied from 1999 return 59			
60a Earned income credit (EIC) 60a			
b Nontaxable earned income: amt. ▶ <input type="checkbox"/> NO and type ▶ <input type="checkbox"/> NO			
61 Excess social security and RRTA tax withheld (see page 50) 61			
62 Additional child tax credit. Attach Form 8812 62			
63 Amount paid with request for extension to file (see page 50) 63 846,000			
64 Other payments. Check if from a <input type="checkbox"/> Form 2439 b <input type="checkbox"/> Form 4136 64			
65 Add lines 58, 59, 60a, and 61 through 64. These are your total payments 65 903,307			
66 If line 65 is more than line 57, subtract line 57 from line 65. This is the amount you overpaid 66 895,294			
67a Amount of line 66 you want refunded to you 67a 895,294			
b Routing number <input type="text"/> ▶ c Type: <input type="checkbox"/> Checking <input type="checkbox"/> Savings			
d Account number <input type="text"/>			
68 Amount of line 66 you want applied to your 2001 estimated tax 68			
Amount You Owe			
69 If line 57 is more than line 65, subtract line 65 from line 57. This is the amount you owe. For details on how to pay, see page 51 69			
70 Estimated tax penalty. Also include on line 69 70			
Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.			
Sign Here			
Joint return? See page 19. Keep a copy for your records.			
Your signature		Date	Your occupation
Spouse's signature. If a joint return, both must sign.		Date	Spouse's occupation
Preparer's signature		Date	Check if self-employed <input type="checkbox"/>
STEVEN P. SMITH			Preparer's SSN or PTIN
Firm's name (or yours if self-employed), address, and ZIP code		EIN	Phone no.
COMYNS, SMITH, MCCLEARY & DEAV 3470 MT. DIABLO BLVD. #A110 LAFAYETTE, CA 94549		68-0307221	(925) 299-1040

As Amended

SCHEDULES A&B
(Form 1040)**Schedule A - Itemized Deductions**

OMB No. 1545-0074

2000Attachment
Sequence No. **07**Department of the Treasury
Internal Revenue Service (99)

▶ Attach to Form 1040.

▶ See Instructions for Schedules A and B (Form 1040).

Name(s) shown on Form 1040

Your social security number

THOMAS J. GONZALES

545-13-6755

Medical and Dental Expenses	Caution. Do not include expenses reimbursed or paid by others.			
	1	Medical and dental expenses (see page A-2)	1	
	2	Enter amount from Form 1040, line 34	2	
	3	Multiply line 2 above by 7.5% (.075)	3	
	4	Subtract line 3 from line 1. If line 3 is more than line 1, enter -0-	4	0
Taxes You Paid	5	State and local income taxes	5	15,845
	6	Real estate taxes (see page A-2)	6	15,000
	7	Personal property taxes	7	3,500
	8	Other taxes. List type and amount		
	9	Add lines 5 through 8	9	34,345
Interest You Paid	10	Home mortgage interest and points reported on Form 1098	10	
	11	Home mortgage interest not reported to you on Form 1098. If paid to the person from whom you bought the home, see page A-3 & show that person's name, ID no. & address	11	
	12	Points not reported to you on Form 1098. See pg. A-3	12	141
	13	Investment interest. Attach Form 4952, if required. (See page A-3.)	13	
	14	Add lines 10 through 13	14	141
Gifts to Charities	15	Gifts by cash or check. If any gift of \$250 or more, see pg. A-4	15	11,000
	16	Other than by cash or check. If any gift of \$250 or more, see page A-4. You must attach Form 8283 if over \$500	16	
	17	Carryover from prior year	17	
	18	Add lines 15 through 17	18	0
Casualty and Theft Losses	19	Casualty or theft loss(es). Attach Form 4684. (See page A-5.)	19	0
	20	Unreimbursed employee expenses - job travel, union dues, job education, etc. You must attach Form 2106 or 2106-EZ if required. (See page A-5.)	20	442,870
Job Expenses and Most Other Miscellaneous Deductions	21	Tax preparation fees	21	
	22	Other expenses - investment, safe deposit box, etc. List type and amount	22	
	23	Add lines 20 through 22	23	442,870
	24	Enter amount from Form 1040, line 34	24	-7,849,725
	25	Multiply line 24 above by 2% (.02)	25	
	26	Subtract line 25 from line 23. If line 25 is more than line 23, enter -0-	26	442,870
Other Miscellaneous Deductions	27	Other - from list on page A-6. List type and amount	27	0
	28	Is Form 1040, line 34, over \$128,950 (over \$64,475 if married filing separately)? <input checked="" type="checkbox"/> No. Your deduction is not limited. Add the amounts in the far right column for lines 4 through 27. Also, enter this amount on Form 1040, line 36. <input type="checkbox"/> Yes. Your deduction may be limited. See page A-6 for the amount to enter.	28	477,356

As Amended

Schedules A&B (Form 1040) 2000

Name(s) shown on Form 1040. Do not enter name and social security number if shown on other side.

OMB No. 1545-0074

Page 2

THOMAS J. GONZALES

Your social security number

545-13-6755

Schedule B - Interest and Ordinary Dividends

Attachment
Sequence No. 08

Note. If you had over \$400 in taxable interest, you must also complete Part III.

Part I
Interest(See page B-1
and the
instructions for
Form 1040,
line 8a.)

- 1 List name of payer. If any interest is from a seller-financed mortgage and the buyer used the property as a personal residence, see page B-1 and list this interest first. Also, show that buyer's social security number and address ▶

MT DIABLO NAT'L BANK
WELLS FARGO
ML
ML
BLACKSTONE REALTY INVESTORS, LLC
SHAMWARI MOTOR YACHT LTD
NEW WORLD, LLC
THOMAS J. GONZALES INVESTMENT CORP

Amount

295
12
593,544
7,159
30
3,571
9,033
106,589

- 2 Add the amounts on line 1. 2 720,233
3 Excludable interest on series EE and U.S. savings bonds issued after 1989 from Form 8815, line 14. You must attach Form 8815. 3
4 Subtract line 3 from line 2. Enter the result here and on Form 1040, line 8a. 4 720,233

Note. If you had over \$400 in ordinary dividends, you must also complete Part III.

Part II
Ordinary
Dividends(See page B-1
and the
instructions for
Form 1040,
line 9.)

- 5 List name of payer. Include only ordinary dividends. If you received any capital gain distributions, see the instructions for Form 1040, line 13. ▶

MERRILL LYNCH
MERRILL LYNCH
EP ESTATES
BLACKSTONE REALTY INVESTORS, LLC
SHAMWARI HELIO, LLC
MACH ONE AVIATION, LLC
CLIFFSIDE ENTERTAINMENT, INC.

Amount

698,607
991
227
161
409
2,002
6,112

- 6 Add the amounts on line 5. Enter the total here and on Form 1040, line 9. 6 708,509

Part III
Foreign
Accounts
and
Trusts

You must complete this part if you (a) had over \$400 of interest or ordinary dividends; (b) had a foreign account; or (c) received a distribution from, or were a grantor of, or a transferor to, a foreign trust.

Yes No

- 7a At any time during 2000, did you have an interest in or a signature or other authority over a financial account in a foreign country, such as a bank account, securities account, or other financial account? See page B-2 for exceptions and filing requirements for Form TD F 90-22.1

X

- b If "Yes," enter the name of foreign country ▶

- 8 During 2000, did you receive a distribution from, or were you the grantor of, or transferor to, a foreign trust? If "Yes," you may have to file Form 3520. See page B-2

X

As Amended

KFA For Paperwork Reduction Act Notice, see Form 1040 instructions.

Schedule B (Form 1040) 2000

SCHEDULE D
(Form 1040)Department of the Treasury
Internal Revenue Service (99)**Capital Gains and Losses**

- ▶ **Attach to Form 1040.** ▶ **See instructions for Schedule D (Form 1040).**
▶ **Use Schedule D-1 for more space to list transactions for lines 1 and 8.**

OMB No. 1545-0074

2000Attachment
Sequence No. **12**Name shown on Form 1040
THOMAS J. GONZALESYour social security number
545-13-6755**Part I Short-Term Capital Gains and Losses - Assets Held One Year or Less**

1 (a) Description of property (Example, 100 sh. XYZ Co.)	(b) Date acquired (Mo., day, yr.)	(c) Date sold (Mo., day, yr.)	(d) Sales price (see page D-6)	(e) Cost or other basis (see page D-6)	(f) Gain or (loss) Subtract (e) from (d)
SEE ATTACHED STATEMENT	VARIOUS	VARIOUS	231,808,133	233,401,142	-1,593,009
BLACKVEST	VARIOUS	VARIOUS	230,798,000	372,800,000	-142,002,000
2 Enter your short-term totals, if any, from Schedule D-1, line 2			2		
3 Total short-term sales price amounts. Add column (d) of lines 1 and 2			3	462,606,133	

4 Short-term gain from Form 6252 and short-term gain or (loss) from Forms 4684, 6781, and 8824	4	
5 Net short-term gain or (loss) from partnerships, S corporations, estates, and trusts from Schedule(s) K-1	5	
6 Short-term capital loss carryover. Enter the amount, if any, from line 8 of your 1999 Capital Loss Carryover Worksheet	6	()
7 Net short-term capital gain or (loss). Combine column (f) of lines 1 through 6	7	-143595009

Part II Long-Term Capital Gains and Losses - Assets Held More Than One Year

1 (a) Description of property (Example, 100 sh. XYZ Co.)	(b) Date acquired (Mo., day, yr.)	(c) Date sold (Mo., day, yr.)	(d) Sales price (see page D-6)	(e) Cost or other basis (see page D-6)	(f) Gain or (loss) Subtract (e) from (d)	(g) 28% rate gain or (loss) * (see instr. below)
SEE ATTACHED STATEMENT	VARIOUS	VARIOUS	137,601,269	5,079,773	132,521,496	
9 Enter your long-term totals, if any, from Schedule D-1, line 9			9			
10 Total long-term sales price amounts. Add column (d) of lines 8 and 9			10	137,601,269		
11 Gain from Form 4797, Part I; long-term gain from Forms 2439 and 8252; and long-term gain or (loss) from Forms 4684, 6781, and 8824			11			
12 Net long-term gain or (loss) from partnerships, S corporations, estates, and trusts from Schedule(s) K-1			12			
13 Capital gain distributions. See page D-1			13			
14 Long-term capital loss carryover. Enter in both columns (f) and (g) the amount, if any, from line 13 of your 1999 Capital Loss Carryover Worksheet			14	()	()	
15 Combine column (g) of lines 8 through 14			15			
16 Net long-term capital gain or (loss). Combine column (f) of lines 8 through 14			16	132,521,496		

As Amended

* Go to Part III on the back.

* 28% rate gain or loss includes all "collectibles gains and losses" (as defined on page D-6) and up to 50% of the eligible gain on qualified small business stock (see page D-4).

For Paperwork Reduction Act Notice, see Form 1040 instructions.

Schedule D (Form 1040) 2000

Schedule D (Form 1040) 2000 THOMAS J. GONZALES

545-13-6755 Page 2

Part III Summary of Parts I and II

17	Combine lines 7 and 16. If a loss, go to line 18. If a gain, enter the gain on Form 1040, line 13	17	-11,073,513
Next: Complete Form 1040 through line 39. Then, go to Part IV to figure your tax if: • Both lines 16 and 17 are gains and • Form 1040, line 39, is more than zero. Otherwise, stop here .			
18	If line 17 is a loss, enter here and as a (loss) on Form 1040, line 13, the smaller of these losses: • The loss on line 17 or • (\$3,000) or, if married filing separately, (\$1,500)	18	(3,000)
Next: Skip Part IV below. Instead, complete Form 1040 through line 37. Then, complete the Capital Loss Carryover Worksheet on page D-6 if: • The loss on line 17 exceeds the loss on line 18 or • Form 1040, line 37, is a loss.			

Part IV Tax Computation Using Maximum Capital Gains Rates

19	Enter your taxable income from Form 1040, line 39	19	
20	Enter the smaller of line 16 or line 17 of Schedule D	20	
21	If you are filing Form 4952, enter the amount from Form 4952, line 4e	21	
22	Subtract line 21 from line 20. If zero or less, enter -0-	22	
23	Combine lines 7 and 15. If zero or less, enter -0-	23	
24	Enter the smaller of line 15 or line 23, but not less than zero	24	
25	Enter your unrecaptured section 1250 gain, if any, from line 17 of the worksheet on page D-8	25	
26	Add lines 24 and 25	26	
27	Subtract line 26 from line 22. If zero or less, enter -0-	27	
28	Subtract line 27 from line 19. If zero or less, enter -0-	28	
29	Enter the smaller of: • The amount on line 19 or • \$26,250 if single; \$43,850 if married filing jointly or qualifying widow(er); • \$21,925 if married filing separately; or \$35,150 if head of household	29	
30	Enter the smaller of line 28 or line 29	30	
31	Subtract line 22 from line 19. If zero or less, enter -0-	31	
32	Enter the larger of line 30 or line 31	32	
33	Figure the tax on the amount on line 32. Use the Tax Table or Tax Rate Schedules, whichever applies. Note: If the amounts on lines 29 and 30 are the same, skip lines 34 through 37 and go to line 38.	33	
34	Enter the amount from line 29	34	
35	Enter the amount from line 30	35	
36	Subtract line 35 from line 34	36	
37	Multiply line 36 by 10% (.10) Note: If the amounts on lines 19 and 29 are the same, skip lines 38 through 51 and go to line 52.	37	
38	Enter the smaller of line 19 or line 27	38	
39	Enter the amount from line 36	39	
40	Subtract line 39 from line 38	40	
41	Multiply line 40 by 20% (.20) Note: If line 26 is zero or blank, skip lines 42 through 51 and go to line 52.	41	
42	Enter the smaller of line 22 or line 25	42	
43	Add lines 22 and 32	43	
44	Enter the amount from line 19	44	
45	Subtract line 44 from line 43. If zero or less, enter -0-	45	
46	Subtract line 45 from line 42. If zero or less, enter -0-	46	
47	Multiply line 46 by 25% (.25) Note: If line 24 is zero or blank, skip lines 48 through 51 and go to line 52.	47	
48	Enter the amount from line 19	48	
49	Add lines 32, 36, 40, and 46	49	
50	Subtract line 49 from line 48	50	
51	Multiply line 50 by 28% (.28)	51	
52	Add lines 33, 37, 41, 47, and 51	52	
53	Figure the tax on the amount on line 19. Use the Tax Table or Tax Rate Schedules, whichever applies	53	
54	Tax on all taxable income (including capital gains). Enter the smaller of line 52 or line 53 here and on Form 1040, line 40	54	

Schedule E (Form 1040) 2000

Attachment Sequence No. 13

Page 2

Name(s) shown on return. Do not enter name and social security number if shown on other side.

THOMAS J. GONZALES

Your social security number

545-13-6755

Note: If you report amounts from farming or fishing on Schedule E, you must enter your gross income from those activities on line 41 below. Real estate professionals must complete line 42 below.

Part II Income or Loss From Partnerships and S Corporations If you report a loss from an at-risk activity, you must check either column (e) or (f) on line 27 to describe your investment in the activity. See page E-5. If you check column (f), you must attach Form 6198.

27	(a) Name	(b) Enter IP for partnership; S for S corp.	(c) Check if foreign partnership	(d) Employer identification number	Invest. At Risk? (e) All is at risk (f) Some is not at risk
A	SEE STATEMENT 5				
B					
C					
D					
E					

Passive Income and Loss				Nonpassive Income and Loss					
(g) Passive loss allowed (attach Form 6582 if required)		(h) Passive income from Schedule K-1		(i) Nonpassive loss from Schedule K-1		(j) Section 179 expense deduction from Form 4562		(k) Nonpassive income from Schedule K-1	
A									
B									
C									
D									
E									
28a	Totals		9,036						
b	Totals	9,036		919,016					
29	Add columns (h) and (k) of line 28a							29	9,036
30	Add columns (g), (i), and (j) of line 28b							30	(928,052)
31	Total partnership and S corporation income or (loss). Combine lines 29 and 30. Enter the result here and include in the total on line 40 below							31	-919,016

Part III Income or Loss From Estates and Trusts

32	(a) Name	(b) Employer ID number
A		
B		
C		
D		

Passive Income and Loss				Nonpassive Income and Loss			
(c) Passive deduction or loss allowed (attach Form 6582 if required)		(d) Passive income from Schedule K-1		(e) Deduction or loss from Schedule K-1		(f) Other income from Schedule K-1	
A							
B							
C							
D							
33a	Totals						
b	Totals						
34	Add columns (d) and (f) of line 33a						
35	Add columns (c) and (e) of line 33b						
36	Total estate and trust income or (loss). Combine lines 34 and 35. Enter the result here and include in the total on line 40 below						36

Part IV Income or Loss From Real Estate Mortgage Investment Conduits (REMICs) - Residual Holder

37	(a) Name	(b) Employer identification number	(c) Excess inclusion from Schedules Q, line 2c (see page E-6)	(d) Taxable income (net loss) from Schedules Q, line 1b	(e) Income from Schedules Q, line 3b
38	Combine columns (d) and (e) only. Enter the result here and include in the total on line 40 below				

Part V Summary

39	Net farm rental income or (loss) from Form 4835. Also, complete line 41 below	39	
40	Total income or (loss). Combine lines 26, 31, 36, 38, and 39. Enter the result here and on Form 1040, line 17	40	-919,016
41	Reconciliation of Farming and Fishing Income: Enter your gross farming and fishing income reported on Form 4835, line 7; Schedule K-1 (Form 1065), line 15b; Schedule K-1 (Form 1120S), line 23; and Schedule K-1 (Form 1041), line 14 (see page E-6)	41	
42	Reconciliation for Real Estate Professionals. If you were real estate professional (see pg. E-4), enter net income or (loss) you reported anywhere on Form 1040 from all rental real estate activities in which you materially participated under passive activity loss rules.	42	

Form **6198****At-Risk Limitations**

OMB No. 1545-0712

Department of the Treasury
Internal Revenue Service
Form(s) shown on return

- **Attach to your tax return.**
► **See separate instructions.**

2000Attachment
Sequence No. **31****THOMAS J. GONZALES**

Identifying number

545-13-6755

Description of activity (See page 2 of the instructions)

THOMAS J. GONZALES INVESTMENT CORP**Part I Current Year Profit (Loss) From the Activity, Including Prior Year Nondeductible Amounts.** (See instructions.) Enter losses in parentheses.

1	Ordinary income (loss) from the activity. See page 2 of the instructions	1	721
2	Gain (loss) from the sale or other disposition of assets used in the activity (or of your interest in the activity) that you initially report on:		
a	Schedule D	2a	
b	Form 4797	2b	
c	Other form or schedule	2c	
3	Other income or gains from the activity, from Schedule K-1 of Form 1065, Form 1065-B, or Form 1120S, that were not included on lines 1 through 2c	3	114,904
4	Other deductions or losses from the activity, including investment interest expense allowed from Form 4952, that were not included on lines 1 through 3	4	
5	Current year profit (loss) from the activity. Combine lines 1 through 4. See page 3 of the instructions before completing the rest of this form	5	115,625

Part II Simplified Computation of Amount At Risk (See page 3 of the instructions to find out if you may use this part.)

6	Adjusted basis (as defined in section 1011) in the activity (or in your interest in the activity) on the first day of the tax year. Do not enter less than zero	6	0
7	Increases for the tax year. See page 4 of the instructions	7	
8	Add lines 6 and 7	8	0
9	Decreases for the tax year. See page 4 of the instructions	9	
10a	Subtract line 9 from line 8	10a	0
b	If line 10a is more than zero, enter that amount here and go to line 20 (or complete Part III). Otherwise, enter -0- and see Pub. 925 for information on the recapture rules	10b	0

Note: You may want to complete Part III to see if it gives you a larger amount at risk.**Part III Detailed Computation of Amount At Risk**

(If you completed Part III of Form 6198 for 1999, see page 4 of the instructions.)

11	Investment in the activity (or in your interest in the activity) at the effective date. Do not enter less than zero	11	
12	Increases at effective date	12	
13	Add lines 11 and 12	13	
14	Decreases at effective date	14	
15	Amount at risk (check box that applies):	15	
a	<input type="checkbox"/> At effective date. Subtract line 14 from line 13. Do not enter less than zero.		
b	<input type="checkbox"/> From 1999 Form 6198, line 19b. (Do not enter the amount from line 10b of the 1999 form.)		
16	Increases since (check box that applies):	16	
a	<input type="checkbox"/> Effective date		
b	<input type="checkbox"/> The end of your 1999 tax year		
17	Add lines 15 and 16	17	
18	Decreases since (check box that applies):	18	
a	<input type="checkbox"/> Effective date		
b	<input type="checkbox"/> The end of your 1999 tax year		
19a	Subtract line 18 from line 17	19a	
b	If line 19a is more than zero, enter that amount here and go to line 20. Otherwise, enter -0- and see Pub. 925 for information on the recapture rules	19b	

Part IV Deductible Loss

20	Amount at risk. Enter the larger of line 10b or line 19b.	20	0
21	Deductible loss. If line 20 is zero, enter -0-; you do not have a deductible loss this year. Otherwise, enter the smaller of the line 5 loss (treated as a positive number) or line 20. See page 8 of the instructions to find out how to report any deductible loss and any carryover	21	0

Note: If the loss is from a passive activity, see Form 8582, Passive Activity Loss Limitations, or Form 8810, Corporate Passive Activity Loss and Credit Limitations, to find out if the loss is allowed under the passive activity rules. If only part of the loss is subject to the passive activity loss rules, report only that part on Form 8582 or Form 8810, whichever applies.

For Paperwork Reduction Act Notice, see page 8 of the instructions.

Form **6198** (2000)

Form **6251****Alternative Minimum Tax – Individuals**

OMB No. 1545-0227

Department of the Treasury
Internal Revenue Service

▶ See separate instructions.

▶ Attach to Form 1040 or Form 1040NR.

2000Attachment
Sequence No. **32**

(s) shown on Form 1040

THOMAS J. GONZALES

Your social security number

545-13-6755**Part I Adjustments and Preferences**

1	If you itemized deductions on Schedule A (Form 1040), go to line 2. Otherwise, enter your standard deduction from Form 1040, line 36, here and go to line 6	1	
2	Medical and dental. Enter the smaller of Schedule A (Form 1040), line 4 or 2 1/2% of Form 1040, line 34	2	
3	Taxes. Enter the amount from Schedule A (Form 1040), line 9	3	34,345
4	Certain interest on a home mortgage not used to buy, build, or improve your home	4	
5	Miscellaneous itemized deductions. Enter the amount from Schedule A (Form 1040), line 26	5	442,870
6	Refund of taxes. Enter any tax refund from Form 1040, line 10 or line 21	6	(3,931)
7	Investment interest. Enter difference between regular tax and AMT deduction	7	
8	Post-1986 depreciation. Enter difference between regular tax and AMT depreciation	8	30,831
9	Adjusted gain or loss. Enter difference between AMT and regular tax gain or loss	9	
10	Incentive stock options. Enter excess of AMT income over regular tax income	10	
11	Passive activities. Enter difference between AMT and regular tax income or loss	11	
12	Beneficiaries of estates and trusts. Enter the amount from Schedule K-1 (Form 1041), line 9	12	
13	Tax-exempt interest from private activity bonds issued after 8/7/86	13	
14	Other. Enter the amount, if any, for each item below and enter the total on line 14.	14	
a	Circulation expenditures	h	Loss limitations
b	Depletion	i	Mining costs
c	Depreciation (pre-1987)	j	Patron's adjustment
d	Installment sales	k	Pollution control facilities
e	Intangible drilling costs	l	Research & experimental
f	Large partnerships	m	Section 1202 exclusion
g	Long-term contracts	n	Tax shelter farm activities
		o	Related adjustments
Total Adjustments and Preferences. Combine lines 1 through 14		15	504,115

Part II Alternative Minimum Taxable Income

16	Enter the amount from Form 1040, line 37. If less than zero, enter as a (loss)	16	-8,327,081
17	Net operating loss deduction, if any, from Form 1040, line 21. Enter as a positive amount	17	8,468,648
18	If Form 1040, line 34, is over \$128,950 (over \$64,475 if married filing separately), and you itemized deductions, enter the amount, if any, from line 9 of the worksheet for Schedule A (Form 1040), line 28	18	()
19	Combine lines 15 through 18	19	645,682
20	Alternative tax net operating loss deduction. See page 6 of the instructions	20	581,114
21	Alternative Minimum Taxable Income. Subtract line 20 from line 19. (If married filing separately and line 21 is more than \$165,000, see page 7 of the instructions.)	21	64,568

Part III Exemption Amount and Alternative Minimum Tax

22	Exemption Amount. (If this form is for a child under age 14, see page 7 of the instructions.)																		
<table border="0"> <tr> <td>IF your filing status is:</td> <td>AND line 21 is not over ...</td> <td>THEN enter on line 22 ...</td> <td></td> </tr> <tr> <td>Single or head of household</td> <td>\$112,500</td> <td>\$33,750</td> <td></td> </tr> <tr> <td>Married filing jointly or qualifying widow(er)</td> <td>150,000</td> <td>45,000</td> <td></td> </tr> <tr> <td>Married filing separately</td> <td>75,000</td> <td>22,500</td> <td></td> </tr> </table>				IF your filing status is:	AND line 21 is not over ...	THEN enter on line 22 ...		Single or head of household	\$112,500	\$33,750		Married filing jointly or qualifying widow(er)	150,000	45,000		Married filing separately	75,000	22,500	
IF your filing status is:	AND line 21 is not over ...	THEN enter on line 22 ...																	
Single or head of household	\$112,500	\$33,750																	
Married filing jointly or qualifying widow(er)	150,000	45,000																	
Married filing separately	75,000	22,500																	
If line 21 is over the amount shown above for your filing status, see page 7 of the instructions.																			
23	Subtract line 22 from line 21. If zero or less, enter -0- here and on lines 26 and 28 and stop here	23	30,818																
24	If you reported capital gain distributions directly on Form 1040, line 13, or you completed Schedule D (Form 1040) and have an amount on line 25 or line 27 (or would have had an amount on either line if you had completed Part IV) (as refigured for the AMT, if necessary), go to Part IV of Form 6251 to figure line 24. All others: If line 23 is \$175,000 or less (\$87,500 or less if married filing separately), multiply line 23 by 26% (.26). Otherwise, multiply line 23 by 28% (.28) and subtract \$3,500 (\$1,750 if married filing separately) from the result	24	8,013																
25	Alternative minimum tax foreign tax credit. See page 7 of the instructions.	25																	
26	Tentative minimum tax. Subtract line 25 from line 24	26	8,013																
Enter your tax from Form 1040, line 40 (minus any tax from Form 4972 and any foreign tax credit from Form 1040, line 43)		27																	
28	Alternative Minimum Tax. Subtract line 27 from line 26. If zero or less, enter -0-. Enter here and on Form 1040, line 41	28	8,013																

For Paperwork Reduction Act Notice, see page 8 of the instructions.

Form **6251** (2000)

KFA

IF0US33 10/23/00

Form **2106****Employee Business Expenses**

OMB No. 1545-0139

▶ See separate instructions.

2000

▶ Attach to Form 1040.

Attachment
Sequence No. **54**Department of the Treasury
Internal Revenue Service (99)

Your name

THOMAS J. GONZALES

Occupation in which you incurred expenses

CHIEF TECHNOLOGY OF

Social security number

545-13-6755

Part I Employee Business Expenses and Reimbursements**Step 1 Enter Your Expenses**

	Column A Other Than Meals and Entertainment	Column B Meals and Entertainment
1 Vehicle expense from line 22 or line 29. (Rural mail carriers: See instructions)	1	
2 Parking fees, tolls, and transportation, including train, bus, etc., that did not involve overnight travel or commuting to and from work	2	
3 Travel expense while away from home overnight, including lodging, airplane, car rental, etc. Do not include meals and entertainment	3	
4 Business expenses not included on lines 1 through 3. Do not include meals and entertainment	4	541,588
5 Meals and entertainment expenses (see instructions)	5	
6 Total expenses. In Column A, add lines 1 through 4 and enter the result. In Column B, enter the amount from line 5	6	541,588

Note: If you were not reimbursed for any expenses in Step 1, skip line 7 and enter the amount from line 6 on line 8.

Step 2 Enter Reimbursements Received From Your Employer for Expenses Listed in Step 1

Enter reimbursements received from your employer that were not reported to you in box 1 of Form W-2. Include any reimbursements reported under code "L" in box 13 of your Form W-2 (see instructions)	7	98,718
---	---	--------

Step 3 Figure Expenses To Deduct on Schedule A (Form 1040)

8 Subtract line 7 from line 6. If zero or less, enter -0-. However, if line 7 is greater than line 6 in Column A, report the excess as income on Form 1040, line 7	8	442,870	0
Note: If both columns of line 8 are zero, you cannot deduct employee business expenses. Stop here and attach Form 2106 to your return.			
9 In Column A, enter the amount from line 8. In Column B, multiply line 8 by 50% (.50). (Employees subject to Department of Transportation (DOT) hours of service limits: Multiply meal expenses by 60% (.60) instead of 50%. For details, see instructions.)	9	442,870	
10 Add the amounts on line 9 of both columns and enter the total here. Also, enter the total on Schedule A (Form 1040), line 20. (Fee-basis state or local government officials, qualified performing artists, and individuals with disabilities: See the instructions for special rules on where to enter the total.)	10		442,870

For Paperwork Reduction Act Notice, see instructions.

Form **2106** (2000)

2000

NOL WORKSHEETS

PAGE 1

THOMAS J. GONZALES

545-13-6755

NET OPERATING LOSS CARRYOVERS USED IN 2000

A. CARRY BACK YEAR	2000
B. NOL YEAR	2001
C. INITIAL LOSS	8,732,673
D. NOL CARRY BACK	8,468,648

COMPUTATION OF MODIFIED TAXABLE INCOME

1. 2000 TAXABLE INCOME	-8,329,881
2. NOL CARRYOVERS FROM YEAR B AND LATER YEARS	8,468,648
3A. NET CAPITAL LOSS DEDUCTIONS (FORM 1040, LINE 13)	3,000
3B. GAIN EXCLUDED ON SALE OF QUALIFIED BUSINESS STOCK	0
4. ADJUSTMENT TO AGI	0
5. ADJUSTMENTS TO ITEMIZED DEDUCTIONS	16,227
6. PERSONAL EXEMPTIONS (FORM 1040, LINE 38)	2,800
7. MODIFIED TAXABLE INCOME (ADD LINES 1, 2, 3A, 3B, 4, 5 AND 6)	160,794
NOL ON LINE C ABSORBED THIS YEAR	160,794
NOL ON LINE C NOT ABSORBED THIS YEAR	8,307,854

ADJUSTMENTS TO ITEMIZED DEDUCTIONS

8. 2000 ADJUSTED GROSS INCOME	-7,849,725
9. CARRYOVERS FROM YEAR B AND LATER YEARS	8,468,648
10. ADD LINES 3A, 3B AND 4 FROM ABOVE	3,000
11. MODIFIED AGI (ADD LINES 8, 9, & 10)	621,923

ADJUSTMENT TO CHARITABLE CONTRIBUTIONS

17. CHARITABLE CONTRIBUTIONS (FORM 1040, SCH A, LN 18)	0
18. CHARITABLE CONTRIBUTIONS REFIGURED USING LINE 11	11,000
19. SUBTRACT LINE 18 FROM LINE 17	-11,000

ADJUSTMENT TO MISCELLANEOUS DEDUCTIONS

25. MISCELLANEOUS DEDUCTIONS (FORM 1040, SCH A, LINE 26)	442,870
26. MISCELLANEOUS DEDUCTIONS (FORM 1040, SCH A, LINE 23)	442,870
27. MULTIPLY LINE 11 BY 2%	12,438
28. SUBTRACT LINE 27 FROM LINE 26 (NOT LESS THAN ZERO)	430,432
29. SUBTRACT LINE 28 FROM LINE 25	12,438

TOTAL ITEMIZED DEDUCTION ADJUSTMENT
(ADD LINES 16, 19, 24, AND 29)

1,438

As Amended

2000

NOL WORKSHEETS

PAGE 2

THOMAS J. GONZALES

545-13-6755

(CONTINUED)

NET OPERATING LOSS CARRYOVERS USED IN 2000

ADJUSTMENT TO OVERALL ITEMIZED DEDUCTIONS LIMIT

30. FORM 1040, SCHEDULE A, LINE 28	477,356
31. ADD LINES 15, 18, 23, 28 & FORM 1040, SCHEDULE A, LINES 9, 14 & 27	475,918
32. ADD LINES 15, 23 & FORM 1040, SCHEDULE A, LINE 13 & GAMBLING LOSSES, LINE 27	0
33. SUBTRACT LINE 32 FROM LINE 31	475,918
34. MULTIPLY LINE 33 BY 80%	380,734
35. SUBTRACT \$128,950 (\$64,475 IF MFS) FROM LINE 11	492,973
36. MULTIPLY LINE 35 BY 3%	14,789
37. ENTER THE SMALLER OF LINE 34 OR LINE 36	14,789
38. SUBTRACT LINE 37 FROM LINE 31 (NO LESS THAN THE STANDARD DEDUCTION)	461,129
39. TOTAL LIMITED ITEMIZED DEDUCTION ADJUSTMENT (SUBTRACT LINE 38 FROM LINE 30)	16,227

AMT NET OPERATING LOSS CARRYOVERS USED IN 2000

A. CARRY BACK YEAR	2000
B. NOL YEAR	2001
C. INITIAL LOSS	6,348,217
D. NOL CARRYOVER	6,066,896

COMPUTATION OF MODIFIED AMTI

1. AMTI BEFORE ATNOLD (FORM 6251, LINE 19)	645,682
2. ATNOLD LIMITATION PERCENTAGE	0.900
3. MULTIPLY LINE 1 BY 2	581,114
4. PRIOR YEAR AMT CARRYOVERS ABSORBED IN CURRENT YEAR	0
5. MODIFIED AMTI (LINE 3 LESS LINE 4)	581,114
AMT NOL ABSORBED THIS YEAR	581,114
AMT NOL NOT ABSORBED THIS YEAR	5,485,782

As Amended

2000

FORM 8582 WORKSHEETS

PAGE 1

THOMAS J. GONZALES

545-13-6755

WORKSHEET 2 FOR LINES 2A, 2B, AND 2C

NAME OF ACTIVITY	CURR. YR. NET INCOME LINE 2A	CURR. YR. NET LOSS LINE 2B	PRIOR YR. UNALLOWED LOSS 2C	OVERALL GAIN	OVERALL LOSS
BLACKSTONE REALTY INVESTO NEW WORLD, LLC		\$ 112,319 128,577			\$ 112,319 128,577
THOMAS J. GONZALES INVEST CLIFFSIDE ENTERTAINMENT,	\$ 9,036	1,192,452		\$ 9,036	1,192,452
	<u>\$ 9,036</u>	<u>\$ 1433348</u>	<u>\$ 0</u>	<u>\$ 9,036</u>	<u>\$ 1433348</u>

WORKSHEET 4 - ALLOCATION OF UNALLOWED LOSSES

NAME OF ACTIVITY	FORM OR SCH TO BE REPORTED ON	LOSS	RATIO	UNALLOWED LOSS
BLACKSTONE REALTY INVESTO NEW WORLD, LLC	SCHEDULE E P2 SCHEDULE E P2	\$ 112,319 128,577	0.0784 0.0897	\$ 111,611 127,766
CLIFFSIDE ENTERTAINMENT,	SCHEDULE E P2	1,192,452	0.8319	1,184,935
		<u>\$ 1433348</u>	<u>1.0000</u>	<u>\$ 1424312</u>

WORKSHEET 5 - ALLOWED LOSSES

NAME OF ACTIVITY	FORM OR SCH TO BE REPORTED ON	LOSS	UNALLOWED LOSS	ALLOWED LOSS
BLACKSTONE REALTY INVESTO NEW WORLD, LLC	SCHEDULE E P2 SCHEDULE E P2	\$ 112,319 128,577	\$ 111,611 127,766	\$ 708 811
CLIFFSIDE ENTERTAINMENT,	SCHEDULE E P2	1,192,452	1,184,935	7,517
		<u>\$ 1433348</u>	<u>\$ 1424312</u>	<u>\$ 9,036</u>

As Amended

2000 FORM 8582 WORKSHEETS - ALTERNATIVE MINIMUM TAX PAGE 1

THOMAS J. GONZALES **545-13-6755**

WORKSHEET 2 FOR LINES 2A, 2B, AND 2C

NAME OF ACTIVITY	CURR. YR. NET INCOME LINE 2A	CURR. YR. NET LOSS LINE 2B	PRIOR YR. UNALLOWED LOSS 2C	OVERALL GAIN	OVERALL LOSS
BLACKSTONE REALTY INVESTO		\$ 112,097			\$ 112,097
BLACKSTONE TECHNOLOGY PAR	\$ 13			\$ 13	
MILLENIUM 12, LLC	137			137	
NEW WORLD, LLC		128,577			128,577
THOMAS J. GONZALES INVEST	9,036			9,036	
CLIFFSIDE ENTERTAINMENT,		1,177,287			1,177,287
	<u>\$ 9,186</u>	<u>\$ 1417961</u>	<u>\$ 0</u>	<u>\$ 9,186</u>	<u>\$ 1417961</u>

WORKSHEET 4 - ALLOCATION OF UNALLOWED LOSSES

NAME OF ACTIVITY	FORM OR SCH TO BE REPORTED ON	LOSS	RATIO	UNALLOWED LOSS
BLACKSTONE REALTY INVESTO	SCHEDULE E P2	\$ 112,097	0.0791	\$ 111,371
NEW WORLD, LLC	SCHEDULE E P2	128,577	0.0907	127,744
CLIFFSIDE ENTERTAINMENT,	SCHEDULE E P2	1,177,287	0.8303	1,169,660
		<u>\$ 1417961</u>	<u>1.0001</u>	<u>\$ 1408775</u>

WORKSHEET 5 - ALLOWED LOSSES

NAME OF ACTIVITY	FORM OR SCH TO BE REPORTED ON	LOSS	UNALLOWED LOSS	ALLOWED LOSS
BLACKSTONE REALTY INVESTO	SCHEDULE E P2	\$ 112,097	\$ 111,371	\$ 726
NEW WORLD, LLC	SCHEDULE E P2	128,577	127,744	833
CLIFFSIDE ENTERTAINMENT,	SCHEDULE E P2	1,177,287	1,169,660	7,627
		<u>\$ 1417961</u>	<u>\$ 1408775</u>	<u>\$ 9,186</u>

AMT WORKSHEET - PASSIVE ACTIVITY ADJUSTMENT TO FORM 6251, LINE 11

NAME OF ACTIVITY	FORM OR SCH TO BE REPORTED ON	GAIN OR LOSS	AMT GAIN OR LOSS
BIRCH VENTURES LLC	SCHEDULE E P2	\$ 0	\$ 0
BLACKSTONE REALTY INVESTO	SCHEDULE E P2	-708	-726
SIERRA STAR LEASING, LLC	SCHEDULE E P2	0	0
BLACKSTONE TECHNOLOGY PAR	SCHEDULE E P2	0	13
MILLENIUM 12, LLC	SCHEDULE E P2	0	137

AS Amended

2000

FORM 8582 WORKSHEETS - ALTERNATIVE MINIMUM TAX

PAGE 2

THOMAS J. GONZALES

545-13-6755

(CONTINUED)

AMT WORKSHEET - PASSIVE ACTIVITY ADJUSTMENT TO FORM 6251, LINE 11

NAME OF ACTIVITY	FORM OR SCH TO BE REPORTED ON	GAIN OR LOSS	AMT GAIN OR LOSS
MILLENIUM 7, LLC	SCHEDULE E P2	\$ 0	\$ 0
SHAMWARI HELIO, LLC	SCHEDULE E P2	0	0
SHAMWARI MOTOR YACHT LTD	SCHEDULE E P2	0	0
NEW WORLD, LLC	SCHEDULE E P2	-811	-833
THOMAS J. GONZALES INVEST	SCHEDULE E P2	9,036	9,036
CLIFFSIDE ENTERTAINMENT,	SCHEDULE E P2	-7,517	-7,627
		<u>\$ 0</u>	<u>\$ 0</u>
			<u>\$ 0</u>

As Amended

Form 8582

Passive Activity Loss Limitations

OMB No. 1545-1008

Department of the Treasury
Internal Revenue Service
Form 8582 (12/00)
Use only if you have a net loss from a passive activity shown on return▶ See separate instructions.
▶ Attach to Form 1040 or Form 1041.

2000

Attachment
Sequence No. 88

Identifying number

545-13-6755

THOMAS J. GONZALES

Part I 2000 Passive Activity Loss**Caution:** See the instructions for Worksheets 1 and 2 on page 8 before completing Part I.**Rental Real Estate Activities With Active Participation** (For the definition of active participation see **Active Participation in a Rental Real Estate Activity** on page 4 of the instructions.)

1a Activities with net income (enter the amount from Worksheet 1, column (a))	1a	
b Activities with net loss (enter the amount from Worksheet 1, column (b))	1b	()
c Prior year unallowed losses (enter the amount from Worksheet 1, column (c))	1c	()
d Combine lines 1a, 1b, and 1c	1d	

All Other Passive Activities

2a Activities with net income (enter the amount from Worksheet 2, column (a))	2a	9,036
b Activities with net loss (enter the amount from Worksheet 2, column (b))	2b	(1,433,348)
c Prior year unallowed losses (enter the amount from Worksheet 2, column (c))	2c	()
d Combine lines 2a, 2b, and 2c	2d	-1,424,312

3 Combine lines 1d and 2d. If the result is net income or zero, all losses are allowed, including any prior year unallowed losses entered on line 1c or 2c. Do not complete Form 8582. Report the losses on the forms and schedules normally used. If this line and line 1d are losses, go to Part II. Otherwise, enter -0- on line 9 and go to line 10	3	-1,424,312
---	----------	------------

Part II Special Allowance for Rental Real Estate With Active Participation**Note:** Enter all numbers in Part II as positive amounts. See page 8 for examples.**Note:** If your filing status is married filing separately and you lived with your spouse at any time during the year, do not complete Part II. Instead, enter -0- on line 9 and go to line 10.

4 Enter the smaller of the loss on line 1d or the loss on line 3	4	
5 Enter \$150,000. If married filing separately, see page 8	5	
6 Enter modified adjusted gross income, but not less than zero (see page 8)	6	
Note: If line 6 is greater than or equal to line 5, skip lines 7 and 8, enter -0- on line 9, and go to line 10. Otherwise, go to line 7.		
7 Subtract line 6 from line 5	7	
8 Multiply line 7 by 50% (.5). Do not enter more than \$25,000. If married filing separately, see page 8	8	
9 Enter the smaller of line 4 or line 8	9	

Part III Total Losses Allowed

10 Add the income, if any, on lines 1a and 2a and enter the total	10	9,036
11 Total losses allowed from all passive activities for 2000. Add lines 9 and 10. See page 11 to find out how to report the losses on your tax return	11	9,036

For Paperwork Reduction Act Notice, see page 12 of the instructions.

Form 8582 (2000)

Form **8582**

**ALTERNATIVE MINIMUM TAX
Passive Activity Loss Limitations**

OMB No. 1545-1008

2000Attachment
Sequence No. **88**

Identifying number

545-13-6755Department of the Treasury
Internal Revenue Service
e(s) shown on return

▶ See separate instructions.
▶ Attach to Form 1040 or Form 1041.

THOMAS J. GONZALES**Part I 2000 Passive Activity Loss**

Caution: See the instructions for Worksheets 1 and 2 on page 8 before completing Part I.

Rental Real Estate Activities With Active Participation (For the definition of active participation see **Active Participation in a Rental Real Estate Activity** on page 4 of the instructions.)

1a Activities with net income (enter the amount from Worksheet 1, column (a))	1a	
b Activities with net loss (enter the amount from Worksheet 1, column (b))	1b	()
c Prior year unallowed losses (enter the amount from Worksheet 1, column (c))	1c	()
d Combine lines 1a, 1b, and 1c	1d	

All Other Passive Activities

2a Activities with net income (enter the amount from Worksheet 2, column (a))	2a	9,186
b Activities with net loss (enter the amount from Worksheet 2, column (b))	2b	(1,417,961)
c Prior year unallowed losses (enter the amount from Worksheet 2, column (c))	2c	()
d Combine lines 2a, 2b, and 2c	2d	-1,408,775

3 Combine lines 1d and 2d. If the result is net income or zero, all losses are allowed, including any prior year unallowed losses entered on line 1c or 2c. Do not complete Form 8582. Report the losses on the forms and schedules normally used. If this line and line 1d are losses, go to Part II. Otherwise, enter -0- on line 9 and go to line 10	3	-1,408,775
---	----------	------------

Part II Special Allowance for Rental Real Estate With Active Participation

Note: Enter all numbers in Part II as positive amounts. See page 8 for examples.

Note: If your filing status is married filing separately and you lived with your spouse at any time during the year, do not complete Part II. Instead, enter -0- on line 9 and go to line 10.

4 Enter the smaller of the loss on line 1d or the loss on line 3	4	
5 Enter \$150,000. If married filing separately, see page 8	5	
6 Enter modified adjusted gross income, but not less than zero (see page 8)	6	
7 Subtract line 6 from line 5	7	
8 Multiply line 7 by 50% (.5). Do not enter more than \$25,000. If married filing separately, see page 9	8	
9 Enter the smaller of line 4 or line 8	9	

Part III Total Losses Allowed

10 Add the income, if any, on lines 1a and 2a and enter the total	10	9,186
11 Total losses allowed from all passive activities for 2000. Add lines 9 and 10. See page 11 to find out how to report the losses on your tax return	11	9,186

For Paperwork Reduction Act Notice, see page 12 of the instructions.

Form **8582** (2000)

2000

FEDERAL STATEMENTS

PAGE 1

THOMAS J. GONZALES

545-13-6755

STATEMENT 1
FORM 1040
WAGE SCHEDULE

TAXPAYER - EMPLOYER	WAGES	FEDERAL W/H	FICA	MEDI- CARE	STATE W/H	SDI
COMMERCE ONE INC	207,545	57,307	4,724	3,110	15,613	232
GRAND TOTAL	<u>207,545</u>	<u>57,307</u>	<u>4,724</u>	<u>3,110</u>	<u>15,613</u>	<u>232</u>

STATEMENT 2
FORM 1040, LINE 21
OTHER INCOME

GROSS INCOME ADJ - TGIC	\$ -100,000
SCH E ADJ	721
NET OPERATING LOSS CARRY <i>Back</i>	-8,468,648
TOTAL	<u>\$ -8,567,927</u>

STATEMENT 3
SCHEDULE A, LINE 12
DEDUCTIBLE POINTS

AMORTIZATION	\$ 141
TOTAL	<u>\$ 141</u>

STATEMENT 4
SCHEDULE A, LINE 15
CONTRIBUTIONS BY CASH OR CHECK

VARIOUS	\$ 1,000
CHARITABLE CONTRIBUTIONS FROM K-1	10,000
TOTAL	<u>\$ 11,000</u>

As Amended

FEDERAL ATTEMPTS

PAGE 2

545-13-6755

THOMAS J. GONZALES

**STATEMENT 5
SCHEDULE E, PAGE 2
PART II - INCOME OR LOSS FROM PARTNERSHIPS AND S CORPORATIONS**

NAME	TYPE	X IF FOREIGN	EMPLOYER I.D. NO.	ALL INVEST. AT RISK	SOME INVEST. AT RISK	PTP	PASSIVE	PASSIVE	NONPASSIVE	SECTION	NONPASSIVE INCOME FROM K-1
							LOSS FROM FORM 8582	INC. FROM SCH. K-1	LOSS FROM SCH. K-1		
BIRCH VENTURES LLC	P		94-3357929								
BLACKSTONE REALTY INVESTORS, LLC	P		88-0436192	X			\$ 708				
SIERRA STAR LEASING, LLC	P		68-0408214								
BLACKSTONE TECHNOLOGY PARTNERS LLC	P		88-0427704								
MILLENIUM 12, LLC	P		88-0486354								
MILLENIUM 7, LLC	P		88-0486351								
SHAMWARI HELIO, LLC	P		88-0486356								
SHAMWARI MOTOR YACHT LTD	P		98-0340046								
NEW WORLD, LLC	P		88-0469787	X			811				
MACH ONE AVIATION, LLC	P		91-2079523	X					\$ 919,016		
THOMAS J. GONZALES INVESTMENT CORP	S		22-3771171					\$ 721			
SEC 988 GAINS	S		22-3771171					8,315			
CLIFFSIDE ENTERTAINMENT, INC.	S		94-3371704	X			7,517				
TOTAL							\$ 9,036	\$ 9,036	\$ 919,016	\$ 0	\$ 0

As Amended

12/31/0

2000 FEDERAL DEPRECIATION SCHEDULE

PAGE 1

THOMAS J. GONZALES

545-13-6755

NO.	DESCRIPTION	DATE ACQUIRED	DATE SOLD	COST/ BASIS	BUS. PCT.	CUR 179 BONUS	PRIOR 179 DEC. BAL. DEPR.	BASIS REDUCTN	SALVAGE VALUE	DEPR. BASIS	PRIOR DEPR.	METHOD	LIFE	RATE	CURRENT DEPR.
SCHEDULE A (POINTS)															
AMORTIZATION															
1	POINTS	11/16/98		4,220		0	0	0	0	4,220	153	S/L	30		141
	TOTAL AMORTIZATION			4,220						4,220	153				141
	TOTAL DEPRECIATION			0						0	0				0
	GRAND TOTAL AMORTIZATION			4,220		0	0	0	0	4,220	153				141
	GRAND TOTAL DEPRECIATION			0		0	0	0	0	0	0				0

As Amended

12/31/08 2000 FEDERAL ALTERNATIVE MINIMUM TAX DEPRECIATION SCHEDULE

PAGE 1

545-13-6755

THOMAS J. GONZALES

NO.	DESCRIPTION	DATE ACQUIRED	DATE SOLD	AMT BASIS	AMT PRIOR DEPR.	AMT METHOD	AMT LIFE	AMT RATE	AMT DEPR.	REG. DEPR.	QMR. PCT. DEPR	POST-86 DEPR ADJ.	REAL PROP. PREF.	LEAS PROP PREF	PERS PROP PREF
	TOTAL			0	0				0	0	0	0	0	0	0
	TOTAL DEPRECIATION			0	0				0	0	0	0	0	0	0
	GRAND TOTAL DEPRECIATION			0	0				0	0	0	0	0	0	0

As Amended

DECEASED (THOMAS J. GONZALES) 12/04/01

FORM 1040X

Department of the Treasury - Internal Revenue Service

Amended U.S. Individual Income Tax Return

OMB No. 1545-0091

(Rev. November 2000)

▶ See separate instructions.

This return is for calendar year ▶ 2000

, or fiscal year ended ▶

Your first name and initial THOMAS J. GONZALES	Last name GONZALES	Your social security number 545-13-6755
If a joint return, spouse's first name and initial 	Last name 	Spouse's social security number
Home address (no. and street) or P.O. box if mail is not delivered to your home 134 LAKES BLVD	Apt. no. 	Phone number 925 941-6014
City, town or post office, state, and ZIP code. If you have a foreign address, see page 2 of the instructions. DAYTON, NV 89403		For Paperwork Reduction Act Notice, see page 6.

- A If the name or address shown above is different from that shown on the original return, check here ☒ **Yes** ☐ **No**
- B Has the original return been changed or audited by the IRS or have you been notified that it will be? ☐ **Yes** ☒ **No**
- C Filing status. Be sure to complete this line. **Note:** You cannot change from joint to separate returns after the due date.
- On original return ▶ ☒ Single ☐ Married filing joint return ☐ Married filing separate return ☐ Head of household ☐ Qualifying widow(er)
- On this return ▶ ☒ Single ☐ Married filing joint return ☐ Married filing separate return ☐ Head of household ☐ Qualifying widow(er)
- * If the qualifying person is a child but not your dependent, see page 2.

Use Part II on the Back to Explain any Changes

Income and Deductions (see pages 2-6)		A. Original amount or as previously adjusted (see page 2)	B. Net change - amount of increase or (decrease) - explain in Part II	C. Correct amount
1	Adjusted gross income (see page 3)	131,550,410	-130931487	618,923
2	Itemized deductions or standard deduction (see page 3)	9,097	452,182	461,279
3	Subtract line 2 from line 1	131,541,313	-131383669	157,644
4	Exemptions. If changing, fill in Parts I and II on the back			
5	Taxable income. Subtract line 4 from line 3	131,541,313	-131383669	157,644
6	Tax (see page 4). Method used in col. C <u>TAX RATE SCH.</u>	26,406,046	-26,231,835	174,211
7	Credits (see page 4)			
8	Subtract line 7 from line 6. Enter the result but not less than zero	26,406,046	-26,231,835	174,211
9	Other taxes (see page 4)			
10	Total tax. Add lines 8 and 9	26,406,046	-26,231,835	174,211
11	Federal income tax withheld and excess social security and RRTA tax withheld. If changing, see page 5	57,307		57,307
12	Estimated tax payments, including amt applied from prior year's return			
13	Earned income credit (EIC)			
14	Additional child tax credit from Form 8812			
15	Credits from Form 2439 or Form 4136			
16	Amount paid with request for extension of time to file (see page 5)			846,000
17	Amount of tax paid with original return plus additional tax paid after it was filed			31,478,202
18	Total payments. Add lines 11 through 17 in column C			32,381,509

Refund or Amount You Owe

- 19 Overpayment, if any, as shown on original return or as previously adjusted by the IRS
- 20 Subtract line 19 from line 18 (see page 5)
- 21 Amount you owe. If line 10, column C, is more than line 20, enter the difference and see page 5
- 22 If line 10, column C, is less than line 20, enter the difference **AS ORIGINALLY FILED**
- 23 Amount of line 22 you want refunded to you
- 24 Amount of line 22 you want applied to your estimated tax

Sign Here

Joint return?
See page 2.
Keep a copy for
your records.

Under penalties of perjury, I declare that I have filed an original return and that I have examined this amended return, including accompanying schedules and statements, and to the best of my knowledge and belief, this amended return is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which the preparer has any knowledge.

Your signature _____ Date _____ Spouse's signature. If a joint return, both must sign. _____ Date _____

Paid Preparer's Use Only

Preparer's signature **STEVEN P. SMITH** Date _____ Check if self-employed ☐ Preparer's SSN or PTIN **573-90-7124**

Firm's name (or yours if self-employed), address, and ZIP code **COMYNS, SMITH, MCCLEARY & DEAV** EIN **68-0307221**

3470 MT. DIABLO BLVD. #A110 Phone no. **(925) 299-1040**

LAFAYETTE, CA 94549

KFA

Form 1040X (Rev. 11-2000)

Form 1040X (Rev. 11-2000) THOMAS J. GONZALES

545-13-6755 Page 2

Part I Exemptions. See Form 1040 or 1040A instructions.

If you are **not changing your exemptions**, do not complete this part.
 If claiming **more exemptions**, complete lines 25-31.
 If claiming **fewer exemptions**, complete lines 25-30.

A. Original number
of exemptions reported
or as previously adjusted

B. Net change

C. Correct
number of
exemptions

Yourself and spouse

25

Caution. If your parents (or someone else) can claim you as a dependent (even if they chose not to), you cannot claim an exemption for yourself.

26

26 Your dependent children who lived with you

27 Your dependent children who did not live with you due to divorce/separation

28 Other dependents

29 Total number of exemptions. Add lines 25 through 28

30 Multiply the number of exemptions claimed on line 29 by the amount listed below for the tax year you are amending. Enter the result here and on line 4.

Tax
yearExemption
amountBut see the instructions for
line 4 on page 3 if the
amount on line 1 is over:2000
1999
1998
1997\$2,800
2,750
2,700
2,650\$96,700
94,975
93,400
90,900

30

31 Dependents (children and other) not claimed on original (or adjusted) return:
Note: For tax years after 1997, do not complete column (e) below. For tax year 1997, do not complete column (d) below.

No. of your children on
line 31 who:
☐ lived with you

☐ did not live with
you due to divorce
or separation
(see page 5)

☐ Dependents on line 31
not entered above
Part II Explanation of Changes to Income, Deductions, and Credits

Enter the line number from the front of the form for each item you are changing and give the reason for each change. Attach only the supporting forms and schedules for the items changed. If you do not attach the required information, your Form 1040X may be returned. Be sure to include your name and social security number on any attachments.

If the change relates to a net operating loss carryback or a general business credit carryback, attach the schedule or form that shows the year in which the loss or credit occurred. See page 2 of the instructions. Also, check here ☐

SEE ATTACHED STATEMENT INCORPORATED BY THIS REFERENCE AS THOUGH FULLY SET FORTH HEREIN.

AS ORIGINALLY FILED

Part III Presidential Election Campaign Fund. Checking below will not increase your tax or reduce your refund.If you did not previously want \$3 go to the fund but now want to, check here ☐If a joint return and your spouse did not previously want \$3 go to the fund but now wants to, check here ☐

DECEASED: THOMAS J. GONZALES 12/04/01

FORM
1040

Department of the Treasury - Internal Revenue Service

U.S. Individual Income Tax Return 2000

(99) IRS Use Only - Do not write or staple in this space.

For the year Jan. 1 - Dec. 31, 2000, or other tax year beginning

2000, ending

20

OMB No. 1545-0074

Label

Instructions
on page 19.)Use the IRS
label.
Otherwise,
please print
or type.LABEL
HERE

Your first name and initial

Last name

THOMAS J. GONZALES

Your social security number

545-13-6755

If a joint return, spouse's first name and initial

Last name

Spouse's social security number

Home address (number and street). If you have a P.O. box, see page 19.

Apt. no.

134 LAKES BLVD

City, town or post office, state, and ZIP code. If you have a foreign address, see page 19.

DAYTON, NV 89403

▲ IMPORTANT! ▲
You must enter
your SSN(s) above.

Presidential

Election Campaign
(See page 19.)

Note. Checking "Yes" will not change your tax or reduce your refund.

Do you, or your spouse if filing a joint return, want \$3 to go to this fund?

You

Spouse

☐ Yes ☒ No☐ Yes ☐ No

Filing Status

Check only
one box.

- 1 ☒ Single
- 2 ☐ Married filing joint return (even if only one had income)
- 3 ☐ Married filing separate return. Enter spouse's soc. sec. no. above & full name here ▶
- 4 ☐ Head of household (with qualifying person). (See page 19.) If the qualifying person is a child but not your dependent, enter this child's name here ▶
- 5 ☐ Qualifying widow(er) with dependent child (year spouse died ▶). (See page 19.)

Exemptions

6a ☒ Yourself. If your parent (or someone else) can claim you as a dependent on his or her tax return, do not check box 6a.b ☐ Spouse

c Dependents:

(1) First Name

Last name

(2) Dependent's social security number

(3) Dependent's relationship to you

(4) Chk if qualifying child for child tax credit (see page 20)

No. of boxes checked on 6a and 6b

1

No. of your children on 6c who:

● lived with you

● did not live with you due to divorce or separation (see page 20)

Dependents on 6c not entered above

Add numbers entered on lines above ▶

1

d Total number of exemptions claimed

Income

Attach
Forms W-2 and
W-2G here.
Also attach
Form 1099-R if
tax was withheld.If you did not
get a W-2,
see page 21.
Enclose, but do not
attach any payment.
Also, please use
Form 1040-V.

7	Wages, salaries, tips, etc. Attach Form(s) W-2	7	207,545
8a	Taxable interest. Attach Schedule B if required	8a	720,233
b	Tax-exempt interest. Do not include on line 8a.	8b	
9	Ordinary dividends. Attach Schedule B if required	9	708,509
10	Taxable refunds, credits, or offsets of state and local income taxes (see page 22)	10	3,931
11	Alimony received	11	
12	Business income or (loss). Attach Schedule C or C-EZ	12	
13	Capital gain or (loss). Attach Schedule D if required. If not required, check here <input type="checkbox"/>	13	-3,000
14	Other gains or (losses). Attach Form 4797	14	
15a	Total IRA distributions	15a	
b	Taxable amount (see pg. 23)	15b	
16a	Total pensions and annuities	16a	
b	Taxable amount (see pg. 23)	16b	
17	Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E	17	-919,016
18	Farm income or (loss). Attach Schedule F	18	
19	Unemployment compensation	19	
20a	Social security benefits	20a	
b	Taxable amount (see pg. 25)	20b	
21	Other income. SEE STATEMENT 2	21	-99,279
22	Add the amounts in the far right column for lines 7 through 21. This is your total income	22	618,923
23	IRA deduction (see page 27)	23	
24	Student loan interest deduction (see page 27)	24	
25	Medical savings account deduction. Attach Form 8853	25	
26	Moving expenses. Attach Form 3903	26	
27	One-half of self-employment tax. Attach Schedule SE	27	
28	Self-employed health insurance deduction (see page 29)	28	
29	Self-employed SEP, SIMPLE, and qualified plans	29	
30	Penalty on early withdrawal of savings	30	
31a	Alimony paid. b Recipient's SSN	31a	
32	Add lines 23 through 31a	32	0
33	Subtract line 32 from line 22. This is your adjusted gross income.	33	618,923

Adjusted
Gross
Income

AS ORIGINALLY FILED

Form 1040 (2000) THOMAS J. GONZALES

545-13-6755 Page 2

Tax and Credits

Standard deduction for Most People
 Single: \$4,400
 Head of household: \$6,450
 Married filing jointly or Qualifying widow(er): \$7,350
 Married filing separately: \$3,675.

34	Amount from line 33 (adjusted gross income)	34	618,923
35a	Check if: <input type="checkbox"/> You were 65 or older, <input type="checkbox"/> Blind; <input type="checkbox"/> Spouse was 65 or older, <input type="checkbox"/> Blind. Add the number of boxes checked above and enter the total here	35a	
b	If you are married filing separately and your spouse itemizes deductions, or you were a dual-status alien, see page 31 and check here	35b	<input type="checkbox"/>
36	Enter your itemized deductions from Schedule A, line 28, or standard deduction shown on the left. But see page 31 to find your standard deduction if you checked any box on line 35a or 35b or if someone can claim you as a dependent	36	461,279
37	Subtract line 36 from line 34	37	157,644
38	If line 34 is \$96,700 or less, multiply \$2,800 by the total number of exemptions claimed on line 6d. If line 34 is over \$96,700, see the worksheet on page 32 for the amount to enter	38	0
39	Taxable income. Subtract line 38 from line 37.	39	157,644
40	Tax (see page 32). Check if any tax is from a <input type="checkbox"/> Form(s) 9814 b <input type="checkbox"/> Form 4972.	40	44,803
41	Alternative minimum tax. Attach Form 6251	41	129,408
42	Add lines 40 and 41	42	174,211
43	Foreign tax credit. Attach Form 1116 if required	43	
44	Credit for child and dependent care expenses. Att. Form 2441	44	
45	Credit for the elderly or the disabled. Attach Schedule R	45	
46	Education credits. Attach Form 8863	46	
47	Child tax credit (see page 36)	47	
48	Adoption credit. Attach Form 8839	48	
49	Other. Check if from a <input type="checkbox"/> Form 3800 b <input type="checkbox"/> Form 8396 c <input type="checkbox"/> Form 8801 d <input type="checkbox"/> Form (specify)	49	
50	Add lines 43 through 49. These are your total credits.	50	
51	Subtract line 50 from line 42. If line 50 is more than line 42, enter -0-	51	174,211

Other Taxes

52	Self-employment tax. Att. Sch. SE	52	
53	Social security and Medicare tax on tip income not reported to employer. Attach Form 4137	53	
54	Tax on IRAs, other retirement plans, and MSAs. Attach Form 5329 if required	54	
55	Advance earned income credit payments from Form(s) W-2	55	
56	Household employment taxes. Attach Schedule H	56	
57	Add lines 51 through 56. This is your total tax.	57	174,211

Payments

If you have a qualifying child, attach Schedule EIC.

58	Federal income tax withheld from Forms W-2 and 1099	58	57,307
59	2000 estimated tax payments and amount applied from 1999 return	59	
60a	Earned income credit (EIC)	60a	
b	Nontaxable earned income: amt. and type		NO
61	Excess social security and RRTA tax withheld (see page 50)	61	
62	Additional child tax credit. Attach Form 8812	62	
63	Amount paid with request for extension to file (see page 50)	63	846,000
64	Other payments. Check if from a <input type="checkbox"/> Form 2439 b <input type="checkbox"/> Form 4136	64	
65	Add lines 58, 59, 60a, and 61 through 64. These are your total payments.	65	903,307
66	If line 65 is more than line 57, subtract line 57 from line 65. This is the amount you overpaid	66	729,096
67a	Amount of line 66 you want refunded to you.	67a	728,588

Refund

Have it directly deposited! See page 50 and fill in 67b, 67c, and 67d.

b	Routing number	c	Type: <input type="checkbox"/> Checking <input type="checkbox"/> Savings
d	Account number		
68	Amount of line 66 you want applied to your 2001 estimated tax	68	
69	If line 57 is more than line 65, subtract line 65 from line 57. This is the amount you owe. For details on how to pay, see page 51	69	
70	Estimated tax penalty. Also include on line 69	70	508

Amount You Owe**Sign Here**

Joint return? See page 19. Keep a copy for your records.

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.			
Your signature	Date	Your occupation	Daytime phone number
Spouse's signature. If a joint return, both must sign.	Date	Spouse's occupation	May the IRS discuss this return with the preparer shown below? (see page 52)? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

Preparer's Use Only

Preparer's signature	STEVEN P. SMITH	Date	Check if self-employed <input type="checkbox"/>	Preparer's SSN or PTIN	573-90-7124
Firm's name (or yours if self-employed), address, and ZIP code	COMYNS, SMITH, MCCLEARY & DEAV 3470 MT. DIABLO BLVD. #A110 LAFAYETTE, CA 94549	EIN	68-0307221		
		Phone no.	(925) 299-1040		

Form **2210**Department of the Treasury
Internal Revenue Service
Use (s) shown on tax return**Underpayment of
Estimated Tax by Individuals, Estates, and Trusts**

▶ See separate instructions.

▶ Attach to Form 1040, 1040A, 1040NR, 1040NR-EZ, or 1041.

OMB No. 1545-0140

2000Attachment
Sequence No. **06**

THOMAS J. GONZALES

Identifying number

545-13-6755

Note: In most cases, you **do not** need to file Form 2210. The IRS will figure any penalty you owe and send you a bill. File Form 2210 **only** if one or more boxes in Part I apply to you. If you do not need to file Form 2210, you **still** may use it to figure your penalty. Enter the amount from Part III, line 21, or Part IV, line 35, on the penalty line of your return, but **do not** attach Form 2210.

Part I Reasons for Filing – If 1a, 1b, or 1c below applies to you, you may be able to lower or eliminate your penalty. But you **must** check the boxes that apply and file Form 2210 with your tax return. If 1d below applies to you, check that box and file Form 2210 with your tax return.

1 Check whichever boxes apply (if none apply, see the **Note** above):

- ☐ a You request a **waiver**. In certain circumstances, the IRS will waive all or part of the penalty. See **Waiver of Penalty** on page 1 of the instructions.
- ☐ b You use the **annualized income installment method**. If your income varied during the year, this method may reduce the amount of one or more required installments. See page 5 of the instructions.
- ☐ c You had Federal income tax withheld from wages and, for estimated tax purposes, you treat the withheld tax as paid on the dates it was actually withheld, instead of in equal amounts on the payment due dates. See the instructions for line 23 on page 3.
- ☐ d Your required annual payment (line 14 below) is based on your 1999 tax and you filed or are filing a joint return for either 1999 or 2000 but not for both years.

Part II Required Annual Payment

2 Enter your 2000 tax after credits (see page 2 of the instructions).	2	174,211
3 Other taxes (see page 2 of the instructions)	3	
4 Add lines 2 and 3	4	174,211
5 Earned income credit	5	
6 Additional child tax credit	6	
7 Credit for Federal tax paid on fuels	7	
8 Add lines 5, 6, and 7	8	0
9 Current year tax. Subtract line 8 from line 4	9	174,211
10 Multiply line 9 by 90% (.90)	10	156,790
11 Withholding taxes. Do not include any estimated tax payments on this line (see page 3 of the instructions)	11	57,307
12 Subtract line 11 from line 9. If less than \$1,000, stop here; do not complete or file this form. You do not owe the penalty	12	116,904
13 Enter the tax shown on your 1999 tax return (108.6% of that amount if the adjusted gross income shown on that return is more than \$150,000, or, if married filing separately for 2000, more than \$75,000). Caution: See page 3 of the instructions	13	65,807
14 Required annual payment. Enter the smaller of line 10 or line 13.	14	65,807

Note: If line 11 is equal to or more than line 14, stop here; you do not owe the penalty. **Do not** file Form 2210 unless you checked box 1d above.

Part III Short Method (**Caution:** See page 3 of the instructions to find out if you can use the short method. If you checked box 1b or 1c in Part I, skip this part and go to Part IV.)

15 Enter the amount, if any, from line 11 above	15	57,307
16 Enter the total amount, if any, of estimated tax payments you made	16	
17 Add lines 15 and 16	17	57,307
18 Total underpayment for year. Subtract line 17 from line 14. If zero or less, stop here; you do not owe the penalty. Do not file Form 2210 unless you checked box 1d above.	18	8,500
19 Multiply line 18 by .05976	19	508
20 Penalty. Subtract line 20 from line 19. Enter the result here and on Form 1040, line 70; Form 1040A, line 45; Form 1040NR, line 69; Form 1040NR-EZ, line 27; or Form 1041, line 28	20	
21 Penalty. Subtract line 20 from line 19. Enter the result here and on Form 1040, line 70; Form 1040A, line 45; Form 1040NR, line 69; Form 1040NR-EZ, line 27; or Form 1041, line 28	21	508

For Paperwork Reduction Act Notice, see page 1 of separate instructions.

Form **2210** (2000)

SCHEDULES A&B
(Form 1040)**Schedule A - Itemized Deductions**

OMB No. 1545-0074

2000Attachment
Sequence No. **07**Department of the Treasury
Internal Revenue Service (99)
Name(s) shown on Form 1040▶ **Attach to Form 1040.**▶ **See Instructions for Schedules A and B (Form 1040).**

Your social security number

545-13-6755**THOMAS J. GONZALES**

Medical and Dental Expenses	Caution. Do not include expenses reimbursed or paid by others.			
	1	Medical and dental expenses (see page A-2)	1	
	2	Enter amount from Form 1040, line 34	2	
	3	Multiply line 2 above by 7.5% (.075)	3	
	4	Subtract line 3 from line 1. If line 3 is more than line 1, enter -0-	4	0
Taxes You Paid (See page A-2.)	5	State and local income taxes	5	15,845
	6	Real estate taxes (see page A-2)	6	15,000
	7	Personal property taxes	7	3,500
	8	Other taxes. List type and amount		
	9	Add lines 5 through 8	9	34,345
Interest You Paid (See page A-3.) <small>Note. Personal interest is not deductible.</small>	10	Home mortgage interest and points reported on Form 1098	10	
	11	Home mortgage interest not reported to you on Form 1098. If paid to the person from whom you bought the home, see page A-3 & show that person's name, ID no. & address		
	12	Points not reported to you on Form 1098. See pg. A-3	12	141
	13	Investment interest. Attach Form 4952, if required. (See page A-3.)	13	
	14	Add lines 10 through 13	14	141
Gifts to Charitable Organizations <small>If you made a gift and got a benefit for it, see page A-4.</small>	15	Gifts by cash or check. If any gift of \$250 or more, see pg. A-4	15	11,000
	16	Other than by cash or check. If any gift of \$250 or more, see page A-4. You must attach Form 8283 if over \$500	16	
	17	Carryover from prior year	17	
	18	Add lines 15 through 17	18	11,000
Casualty and Theft Losses	19	Casualty or theft loss(es). Attach Form 4684. (See page A-5.)	19	0
Job Expenses and Most Other Miscellaneous Deductions (See page A-5 for expenses to deduct here.)	20	Unreimbursed employee expenses - job travel, union dues, job education, etc. You must attach Form 2106 or 2106-EZ if required. (See page A-5.)		
		▶ <u>FORM 2106 (TAXPAYER)</u>		442,870
	21	Tax preparation fees	21	442,870
	22	Other expenses - investment, safe deposit box, etc. List type and amount		
	23	Add lines 20 through 22	23	442,870
24	Enter amount from Form 1040, line 34	24	618,923	
25	Multiply line 24 above by 2% (.02)	25	12,378	
26	Subtract line 25 from line 23. If line 25 is more than line 23, enter -0-	26	430,492	
Other Miscellaneous Deductions	27	Other - from list on page A-6. List type and amount	27	0
Total Itemized Deductions	28	Is Form 1040, line 34, over \$128,950 (over \$64,475 if married filing separately)?		
		<input type="checkbox"/> No. Your deduction is not limited. Add the amounts in the far right column for lines 4 through 27. Also, enter this amount on Form 1040, line 36. <input checked="" type="checkbox"/> Yes. Your deduction may be limited. See page A-6 for the amount to enter.	28	461,279

REDUCTION
-14,699

Schedules A&B (Form 1040) 2000

OMB No. 1545-0074

Page 2

Name(s) shown on Form 1040. Do not enter name and social security number if shown on other side.

THOMAS J. GONZALES

Your social security number

545-13-6755

Schedule B - Interest and Ordinary Dividends

Attachment
Sequence No. 08

Note. If you had over \$400 in taxable interest, you must also complete Part III.

Part I
Interest(See page B-1
and the
instructions for
Form 1040,
line 8a.)

- 1 List name of payer. If any interest is from a seller-financed mortgage and the buyer used the property as a personal residence, see page B-1 and list this interest first. Also, show that buyer's social security number and address ▶

MT DIABLO NAT'L BANK

WELLS FARGO

ML

ML

BLACKSTONE REALTY INVESTORS, LLC

SHAMWARI MOTOR YACHT LTD

NEW WORLD, LLC

THOMAS J. GONZALES INVESTMENT CORP

Amount

295

12

593,544

7,159

30

3,571

9,033

106,589

- 2 Add the amounts on line 1. 2 720,233
- 3 Excludable interest on series EE and I U.S. savings bonds issued after 1989 from Form 8815, line 14. You must attach Form 8815. 3
- 4 Subtract line 3 from line 2. Enter the result here and on Form 1040, line 8a 4 720,233

Part II
Ordinary
Dividends(See page B-1
and the
instructions for
Form 1040,
line 9.)

- 5 List name of payer. Include only ordinary dividends. If you received any capital gain distributions, see the instructions for Form 1040, line 13. ▶

MERRILL LYNCH

MERRILL LYNCH

EP ESTATES

BLACKSTONE REALTY INVESTORS, LLC

SHAMWARI HELIO, LLC

MACH ONE AVIATION, LLC

CLIFFSIDE ENTERTAINMENT, INC.

Amount

698,607

991

227

161

409

2,002

6,112

- 6 Add the amounts on line 5. Enter the total here and on Form 1040, line 9 6 708,509

Part III
Foreign
Accounts
and
Trusts

You must complete this part if you (a) had over \$400 of interest or ordinary dividends; (b) had a foreign account; or (c) received a distribution from, or were a grantor of, or a transferor to, a foreign trust.

Yes No

- 7a At any time during 2000, did you have an interest in or a signature or other authority over a financial account in a foreign country, such as a bank account, securities account, or other financial account? See page B-2 for exceptions and filing requirements for Form TD F 90-22.1

X

- b If "Yes," enter the name of foreign country ▶

- 8 During 2000, did you receive a distribution from, or were you the grantor of, or transferor to, a foreign trust? If "Yes," you may have to file Form 3520. See page B-2

X

KFA For Paperwork Reduction Act Notice, see Form 1040 Instructions.

Schedule B (Form 1040) 2000

SCHEDULE D
(Form 1040)**Capital Gains and Losses**

OMB No. 1545-0074

2000Attachment
Sequence No. **12**Department of the Treasury
Internal Revenue Service (99)

- **Attach to Form 1040.** ► **See Instructions for Schedule D (Form 1040).**
 ► **Use Schedule D-1 for more space to list transactions for lines 1 and 8.**

Name shown on Form 1040

TOMAS J. GONZALES

Your social security number

545-13-6755**Part I Short-Term Capital Gains and Losses – Assets Held One Year or Less**

1 (a) Description of property (Example, 100 sh. XYZ Co.)	(b) Date acquired (Mo., day, yr.)	(c) Date sold (Mo., day, yr.)	(d) Sales price (see page D-6)	(e) Cost or other basis (see page D-6)	(f) Gain or (loss) Subtract (e) from (d)
SEE ATTACHED STATEMENT	VARIOUS	VARIOUS	231,808,133	233,401,142	-1,593,009
BLACKVEST	VARIOUS	VARIOUS	230,798,000	372,800,000	-142,002,000
2 Enter your short-term totals, if any, from Schedule D-1, line 2			2		
3 Total short-term sales price amounts. Add column (d) of lines 1 and 2			3 462,606,133		
4 Short-term gain from Form 6252 and short-term gain or (loss) from Forms 4684, 6781, and 8824					4
5 Net short-term gain or (loss) from partnerships, S corporations, estates, and trusts from Schedule(s) K-1					5
6 Short-term capital loss carryover. Enter the amount, if any, from line 8 of your 1999 Capital Loss Carryover Worksheet					6 ()
7 Net short-term capital gain or (loss). Combine column (f) of lines 1 through 6					7 -143595009

Part II Long-Term Capital Gains and Losses – Assets Held More Than One Year

1 (a) Description of property (Example, 100 sh. XYZ Co.)	(b) Date acquired (Mo., day, yr.)	(c) Date sold (Mo., day, yr.)	(d) Sales price (see page D-6)	(e) Cost or other basis (see page D-6)	(f) Gain or (loss) Subtract (e) from (d)	(g) 28% rate gain or (loss) * (see instr. below)
SEE ATTACHED STATEMENT	VARIOUS	VARIOUS	137,601,269	5,079,773	132,521,496	
9 Enter your long-term totals, if any, from Schedule D-1, line 9			9			
10 Total long-term sales price amounts. Add column (d) of lines 8 and 9			10 137,601,269			
11 Gain from Form 4797, Part I; long-term gain from Forms 2439 and 6252; and long-term gain or (loss) from Forms 4684, 6781, and 8824					11	
12 Net long-term gain or (loss) from partnerships, S corporations, estates, and trusts from Schedule(s) K-1					12	
13 Capital gain distributions. See page D-1					13	
14 Long-term capital loss carryover. Enter in both columns (f) and (g) the amount, if any, from line 13 of your 1999 Capital Loss Carryover Worksheet					14 () ()	
15 Combine column (g) of lines 8 through 14					15	
16 Net long-term capital gain or (loss). Combine column (f) of lines 8 through 14					16 132,521,496	

AS ORIGINALLY FILED

Go to Part III on the back.

* 28% rate gain or loss includes all "collectibles gains and losses" (as defined on page D-6) and up to 50% of the eligible gain on qualified small business stock (see page D-4).

For Paperwork Reduction Act Notice, see Form 1040 Instructions.

Schedule D (Form 1040) 2000

KFA

IFOUS5 12/07/00

Schedule D (Form 1040) 2000

THOMAS J. GONZALES

545-13-6755 Page 2

Part III Summary of Parts I and II

17 Combine lines 7 and 16. If a loss, go to line 18. If a gain, enter the gain on Form 1040, line 13	17	-11,073,513
Next: Complete Form 1040 through line 39. Then, go to Part IV to figure your tax if: <ul style="list-style-type: none"> Both lines 16 and 17 are gains and Form 1040, line 39, is more than zero. Otherwise, stop here.		
18 If line 17 is a loss, enter here and as a (loss) on Form 1040, line 13, the smaller of these losses: <ul style="list-style-type: none"> The loss on line 17 or (\$3,000) or, if married filing separately, (\$1,500) Next: Skip Part IV below. Instead, complete Form 1040 through line 37. Then, complete the Capital Loss Carryover Worksheet on page D-6 if: <ul style="list-style-type: none"> The loss on line 17 exceeds the loss on line 18 or Form 1040, line 37, is a loss. 	18	(3,000)

Part IV Tax Computation Using Maximum Capital Gains Rates

19 Enter your taxable income from Form 1040, line 39	19	
20 Enter the smaller of line 16 or line 17 of Schedule D	20	
21 If you are filing Form 4952, enter the amount from Form 4952, line 4e	21	
22 Subtract line 21 from line 20. If zero or less, enter -0-	22	
23 Combine lines 7 and 15. If zero or less, enter -0-	23	
24 Enter the smaller of line 15 or line 23, but not less than zero	24	
25 Enter your unrecaptured section 1250 gain, if any, from line 17 of the worksheet on page D-8	25	
26 Add lines 24 and 25	26	
27 Subtract line 26 from line 22. If zero or less, enter -0-	27	
28 Subtract line 27 from line 19. If zero or less, enter -0-	28	
29 Enter the smaller of: <ul style="list-style-type: none"> The amount on line 19 or \$26,250 if single; \$43,850 if married filing jointly or qualifying widow(er); \$21,925 if married filing separately; or \$35,150 if head of household 	29	
30 Enter the smaller of line 28 or line 29	30	
31 Subtract line 22 from line 19. If zero or less, enter -0-	31	
32 Enter the larger of line 30 or line 31	32	
33 Figure the tax on the amount on line 32. Use the Tax Table or Tax Rate Schedules, whichever applies Note: If the amounts on lines 29 and 30 are the same, skip lines 34 through 37 and go to line 38.	33	
34 Enter the amount from line 29	34	
35 Enter the amount from line 30	35	
36 Subtract line 35 from line 34	36	
37 Multiply line 36 by 10% (.10) Note: If the amounts on lines 19 and 29 are the same, skip lines 38 through 51 and go to line 52.	37	
38 Enter the smaller of line 19 or line 27	38	
39 Enter the amount from line 36	39	
40 Subtract line 39 from line 38	40	
41 Multiply line 40 by 20% (.20) Note: If line 26 is zero or blank, skip lines 42 through 51 and go to line 52.	41	
42 Enter the smaller of line 22 or line 25	42	
43 Add lines 22 and 32	43	
44 Enter the amount from line 19	44	
45 Subtract line 44 from line 43. If zero or less, enter -0-	45	
46 Subtract line 45 from line 42. If zero or less, enter -0-	46	
47 Multiply line 46 by 25% (.25) Note: If line 24 is zero or blank, skip lines 48 through 51 and go to line 52.	47	
48 Enter the amount from line 19	48	
49 Add lines 32, 36, 40, and 46	49	
50 Subtract line 49 from line 48	50	
51 Multiply line 50 by 28% (.28)	51	
52 Add lines 33, 37, 41, 47, and 51	52	
53 Figure the tax on the amount on line 19. Use the Tax Table or Tax Rate Schedules, whichever applies	53	
54 Tax on all taxable income (including capital gains). Enter the smaller of line 52 or line 53 here and on Form 1040, line 40	54	

Schedule E (Form 1040) 2000

Attachment Sequence No. 13

Page 2

Name(s) shown on return. Do not enter name and social security number if shown on other side.

THOMAS J. GONZALES

Your social security number

545-13-6755

Note: If you report amounts from farming or fishing on Schedule E, you must enter your gross income from those activities on line 41 below. Real estate professionals must complete line 42 below.

Part II Income or Loss From Partnerships and S Corporations If you report a loss from an at-risk activity, you must check either column (e) or (f) on line 27 to describe your investment in the activity. See page E-5. If you check column (f), you must attach Form 6198.

27	(a) Name	(b) Enter IP for partnership; S for S corp.	(c) Check if foreign partnership	(d) Employer identification number	Invest. At Risk?
					(e) All is at risk (f) Some is not at risk
A	SEE STATEMENT 5				
B					
C					
D					
E					

Passive Income and Loss				Nonpassive Income and Loss			
(g) Passive loss allowed (attach Form 8582 if required)	(h) Passive income from Schedule K-1	(i) Nonpassive loss from Schedule K-1	(j) Section 179 expense deduction from Form 4562	(k) Nonpassive income from Schedule K-1			
A							
B							
C							
D							
E							
28a Totals		9,036					
b Totals	9,036		919,016				
29	Add columns (h) and (k) of line 28a						9,036
30	Add columns (g), (i), and (j) of line 28b						(928,052)
31	Total partnership and S corporation income or (loss). Combine lines 29 and 30. Enter the result here and include in the total on line 40 below						-919,016

Part III Income or Loss From Estates and Trusts

32	(a) Name	(b) Employer ID number
A		
B		
C		
D		

Passive Income and Loss				Nonpassive Income and Loss			
(c) Passive deduction or loss allowed (attach Form 8582 if required)	(d) Passive income from Schedule K-1	(e) Deduction or loss from Schedule K-1	(f) Other income from Schedule K-1				
A							
B							
C							
D							
33a Totals							
b Totals							
34	Add columns (d) and (f) of line 33a						
35	Add columns (c) and (e) of line 33b						
36	Total estate and trust income or (loss). Combine lines 34 and 35. Enter the result here and include in the total on line 40 below						

Part IV Income or Loss From Real Estate Mortgage Investment Conduits (REMICs) - Residual Holder

37	(a) Name	(b) Employer identification number	(c) Excess inclusion from Schedules Q, line 2c (see page E-6)	(d) Taxable income (net loss) from Schedules Q, line 1b	(e) Income from Schedules Q, line 3b
38	Combine columns (d) and (e) only. Enter the result here and include in the total on line 40 below				

Part V Summary

39	Net farm rental income or (loss) from Form 4835. Also, complete line 41 below	39	
40	Total income or (loss). Combine lines 26, 31, 36, 38, and 39. Enter the result here and on Form 1040, line 17	40	-919,016
41	Reconciliation of Farming and Fishing Income: Enter your gross farming and fishing income reported on Form 4835, line 7; Schedule K-1 (Form 1065), line 15b; Schedule K-1 (Form 1120S), line 23; and Schedule K-1 (Form 1041), line 14 (see page E-6)	41	
42	Reconciliation for Real Estate Professionals. If you were real estate professional (see pg. E-4), enter net income or (loss) you reported anywhere on Form 1040 from all rental real estate activities in which you materially participated under passive activity loss rules.	42	

Form **6198****At-Risk Limitations**

OMB No. 1545-0712

2000Attachment
Sequence No. **31**Department of the Treasury
Internal Revenue Service
(s) shown on return▶ **Attach to your tax return.**
▶ **See separate instructions.****THOMAS J. GONZALES**

Identifying number

545-13-6755

Description of activity (See page 2 of the instructions)

THOMAS J. GONZALES INVESTMENT CORP**Part I Current Year Profit (Loss) From the Activity, Including Prior Year Nondeductible Amounts.** (See instructions.) Enter losses in parentheses.

1	Ordinary income (loss) from the activity. See page 2 of the instructions	1	721
2	Gain (loss) from the sale or other disposition of assets used in the activity (or of your interest in the activity) that you initially report on:		
a	Schedule D	2a	
b	Form 4797	2b	
c	Other form or schedule	2c	
3	Other income or gains from the activity, from Schedule K-1 of Form 1065, Form 1065-B, or Form 1120S, that were not included on lines 1 through 2c	3	114,904
4	Other deductions or losses from the activity, including investment interest expense allowed from Form 4952, that were not included on lines 1 through 3	4	
5	Current year profit (loss) from the activity. Combine lines 1 through 4. See page 3 of the instructions before completing the rest of this form	5	115,625

Part II Simplified Computation of Amount At Risk (See page 3 of the instructions to find out if you may use this part.)

6	Adjusted basis (as defined in section 1011) in the activity (or in your interest in the activity) on the first day of the tax year. Do not enter less than zero	6	0
7	Increases for the tax year. See page 4 of the instructions	7	
8	Add lines 6 and 7	8	0
9	Decreases for the tax year. See page 4 of the instructions	9	
10a	Subtract line 9 from line 8	10a	0
b	If line 10a is more than zero, enter that amount here and go to line 20 (or complete Part III). Otherwise, enter -0- and see Pub. 925 for information on the recapture rules	10b	0

Note: You may want to complete Part III to see if it gives you a larger amount at risk.**Part III Detailed Computation of Amount At Risk**

(If you completed Part III of Form 6198 for 1999, see page 4 of the instructions.)

11	Investment in the activity (or in your interest in the activity) at the effective date. Do not enter less than zero	11	
12	Increases at effective date	12	
13	Add lines 11 and 12	13	
14	Decreases at effective date	14	
15	Amount at risk (check box that applies):	15	
a	<input type="checkbox"/> At effective date. Subtract line 14 from line 13. Do not enter less than zero.		
b	<input type="checkbox"/> From 1999 Form 6198, line 19b. (Do not enter the amount from line 10b of the 1999 form.)		
16	Increases since (check box that applies):		
a	<input type="checkbox"/> Effective date		
b	<input type="checkbox"/> The end of your 1999 tax year		
17	Add lines 15 and 16	17	
18	Decreases since (check box that applies):		
a	<input type="checkbox"/> Effective date		
b	<input type="checkbox"/> The end of your 1999 tax year		
19a	Subtract line 18 from line 17	19a	
b	If line 19a is more than zero, enter that amount here and go to line 20. Otherwise, enter -0- and see Pub. 925 for information on the recapture rules	19b	

Part IV Deductible Loss

20	Amount at risk. Enter the larger of line 10b or line 19b.	20	0
21	Deductible loss. If line 20 is zero, enter -0-; you do not have a deductible loss this year. Otherwise, enter the smaller of the line 5 loss (treated as a positive number) or line 20. See page 8 of the instructions to find out how to report any deductible loss and any carryover	21	0

Note: If the loss is from a passive activity, see Form 8582, Passive Activity Loss Limitations, or Form 8810, Corporate Passive Activity Loss and Credit Limitations, to find out if the loss is allowed under the passive activity rules. If only part of the loss is subject to the passive activity loss rules, report only that part on Form 8582 or Form 8810, whichever applies.

For Paperwork Reduction Act Notice, see page 8 of the instructions.

Form **6198** (2000)

Form **6251****Alternative Minimum Tax – Individuals**

OMB No. 1545-0227

2000Department of the Treasury
Internal Revenue Service

▶ See separate instructions.

▶ Attach to Form 1040 or Form 1040NR.

Attachment
Sequence No. **32**

(a) shown on Form 1040

THOMAS J. GONZALES

Your social security number

545-13-6755**Part I Adjustments and Preferences**

1	If you itemized deductions on Schedule A (Form 1040), go to line 2. Otherwise, enter your standard deduction from Form 1040, line 36, here and go to line 6	1	
2	Medical and dental. Enter the smaller of Schedule A (Form 1040), line 4 or 2 1/2% of Form 1040, line 34	2	
3	Taxes. Enter the amount from Schedule A (Form 1040), line 9	3	34,345
4	Certain interest on a home mortgage not used to buy, build, or improve your home	4	
5	Miscellaneous itemized deductions. Enter the amount from Schedule A (Form 1040), line 26	5	430,492
6	Refund of taxes. Enter any tax refund from Form 1040, line 10 or line 21	6	(3,931)
7	Investment interest. Enter difference between regular tax and AMT deduction	7	
8	Post-1986 depreciation. Enter difference between regular tax and AMT depreciation	8	30,831
9	Adjusted gain or loss. Enter difference between AMT and regular tax gain or loss	9	
10	Incentive stock options. Enter excess of AMT income over regular tax income	10	
11	Passive activities. Enter difference between AMT and regular tax income or loss	11	
12	Beneficiaries of estates and trusts. Enter the amount from Schedule K-1 (Form 1041), line 9	12	
13	Tax-exempt interest from private activity bonds issued after 8/7/86	13	
14	Other. Enter the amount, if any, for each item below and enter the total on line 14.	14	
a	Circulation expenditures	h	Loss limitations
b	Depletion	i	Mining costs
c	Depreciation (pre-1987)	j	Patron's adjustment
d	Installment sales	k	Pollution control facilities
e	Intangible drilling costs	l	Research & experimental
f	Large partnerships	m	Section 1202 exclusion
g	Long-term contracts	n	Tax shelter farm activities
		o	Related adjustments
Total Adjustments and Preferences. Combine lines 1 through 14		15	491,737

Part II Alternative Minimum Taxable Income

16	Enter the amount from Form 1040, line 37. If less than zero, enter as a (loss)	16	157,644
17	Net operating loss deduction, if any, from Form 1040, line 21. Enter as a positive amount	17	
18	If Form 1040, line 34, is over \$128,950 (over \$64,475 if married filing separately), and you itemized deductions, enter the amount, if any, from line 9 of the worksheet for Schedule A (Form 1040), line 28	18	(14,699)
19	Combine lines 15 through 18	19	634,682
20	Alternative tax net operating loss deduction. See page 6 of the instructions	20	
21	Alternative Minimum Taxable Income. Subtract line 20 from line 19. (If married filing separately and line 21 is more than \$165,000, see page 7 of the instructions.)	21	634,682

Part III Exemption Amount and Alternative Minimum Tax

22	Exemption Amount. (If this form is for a child under age 14, see page 7 of the instructions.)	22	
<p>IF your filing status is:</p> <p>Single or head of household \$112,500 \$33,750</p> <p>Married filing jointly or qualifying widow(er) 150,000 45,000</p> <p>Married filing separately 75,000 22,500</p> <p>If line 21 is over the amount shown above for your filing status, see page 7 of the instructions.</p>			
23	Subtract line 22 from line 21. If zero or less, enter -0- here and on lines 28 and 28 and stop here	23	634,682
24	If you reported capital gain distributions directly on Form 1040, line 13, or you completed Schedule D (Form 1040) and have an amount on line 25 or line 27 (or would have had an amount on either line if you had completed Part IV) (as refigured for the AMT, if necessary), go to Part IV of Form 6251 to figure line 24. All others: If line 23 is \$175,000 or less (\$87,500 or less if married filing separately), multiply line 23 by 26% (.26). Otherwise, multiply line 23 by 28% (.28) and subtract \$3,500 (\$1,750 if married filing separately) from the result	24	174,211
25	Alternative minimum tax foreign tax credit. See page 7 of the instructions.	25	
26	Tentative minimum tax. Subtract line 25 from line 24	26	174,211
27	Enter your tax from Form 1040, line 40 (minus any tax from Form 4972 and any foreign tax credit from Form 1040, line 43)	27	44,803
28	Alternative Minimum Tax. Subtract line 27 from line 26. If zero or less, enter -0-.	28	129,408
Enter here and on Form 1040, line 41			

For Paperwork Reduction Act Notice, see page 8 of the instructions.

Form **6251** (2000)

KFA

IF0US33 10/23/00

Form **2106**Department of the Treasury
Internal Revenue Service (99)**Employee Business Expenses**

- See separate instructions.
► Attach to Form 1040.

OMB No. 1545-0139

2000Attachment
Sequence No. **54**

Your name

THOMAS J. GONZALES

Occupation in which you incurred expenses

CHIEF TECHNOLOGY OF

Social security number

545-13-6755

Part I Employee Business Expenses and Reimbursements**Step 1 Enter Your Expenses**

	Column A Other Than Meals and Entertainment	Column B Meals and Entertainment
1 Vehicle expense from line 22 or line 29. (Rural mail carriers: See instructions)	1	
2 Parking fees, tolls, and transportation, including train, bus, etc., that did not involve overnight travel or commuting to and from work	2	
3 Travel expense while away from home overnight, including lodging, airplane, car rental, etc. Do not include meals and entertainment	3	
4 Business expenses not included on lines 1 through 3. Do not include meals and entertainment	4	541,588
5 Meals and entertainment expenses (see instructions)	5	
6 Total expenses. In Column A, add lines 1 through 4 and enter the result. In Column B, enter the amount from line 5	6	541,588

Note: If you were not reimbursed for any expenses in Step 1, skip line 7 and enter the amount from line 6 on line 8.

Step 2 Enter Reimbursements Received From Your Employer for Expenses Listed in Step 1

7 Reimbursements received from your employer that were not reported to you in Form W-2. Include any reimbursements reported under code "L" in box 13 of your Form W-2 (see instructions)	7	98,718
--	---	--------

Step 3 Figure Expenses To Deduct on Schedule A (Form 1040)

8 Subtract line 7 from line 6. If zero or less, enter -0-. However, if line 7 is greater than line 6 in Column A, report the excess as income on Form 1040, line 7	8	442,870	0
Note: If both columns of line 8 are zero, you cannot deduct employee business expenses. Stop here and attach Form 2106 to your return.			
9 In Column A, enter the amount from line 8. In Column B, multiply line 8 by 50% (.50). (Employees subject to Department of Transportation (DOT) hours of service limits: Multiply meal expenses by 60% (.60) instead of 50%. For details, see instructions.)	9	442,870	
10 Add the amounts on line 9 of both columns and enter the total here. Also, enter the total on Schedule A (Form 1040), line 20. (Fee-basis state or local government officials, qualified performing artists, and individuals with disabilities: See the instructions for special rules on where to enter the total.)	10		442,870

For Paperwork Reduction Act Notice, see instructions.

Form **2106** (2000)

Form **8582****Passive Activity Loss Limitations**

OMB No. 1545-1008

2000Attachment
Sequence No. **88**

Identifying number

545-13-6755

▶ See separate instructions.

▶ Attach to Form 1040 or Form 1041.

Department of the Treasury
Internal Revenue Service
Name(s) shown on return**THOMAS J. GONZALES****Part I 2000 Passive Activity Loss**

Caution: See the instructions for Worksheets 1 and 2 on page 8 before completing Part I.

Rental Real Estate Activities With Active Participation (For the definition of active participation see **Active Participation in a Rental Real Estate Activity** on page 4 of the instructions.)

1a Activities with net income (enter the amount from Worksheet 1, column (a))	1a	
b Activities with net loss (enter the amount from Worksheet 1, column (b))	1b	()
c Prior year unallowed losses (enter the amount from Worksheet 1, column (c))	1c	()
d Combine lines 1a, 1b, and 1c	1d	

All Other Passive Activities

2a Activities with net income (enter the amount from Worksheet 2, column (a))	2a	9,036
b Activities with net loss (enter the amount from Worksheet 2, column (b))	2b	(1,433,348)
c Prior year unallowed losses (enter the amount from Worksheet 2, column (c))	2c	()
d Combine lines 2a, 2b, and 2c	2d	-1,424,312

3 Combine lines 1d and 2d. If the result is net income or zero, all losses are allowed, including any prior year unallowed losses entered on line 1c or 2c. Do not complete Form 8582. Report the losses on the forms and schedules normally used. If this line and line 1d are losses, go to Part II. Otherwise, enter -0- on line 9 and go to line 10	3	-1,424,312
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Part II Special Allowance for Rental Real Estate With Active Participation

Note: Enter all numbers in Part II as positive amounts. See page 8 for examples.

Note: If your filing status is married filing separately and you lived with your spouse at any time during the year, do not complete Part II. Instead, enter -0- on line 9 and go to line 10.

4 Enter the smaller of the loss on line 1d or the loss on line 3	4	
5 Enter \$150,000. If married filing separately, see page 8	5	
6 Enter modified adjusted gross income, but not less than zero (see page 8)	6	
7 Subtract line 6 from line 5	7	
8 Multiply line 7 by 50% (.5). Do not enter more than \$25,000. If married filing separately, see page 9	8	
9 Enter the smaller of line 4 or line 8	9	

Part III Total Losses Allowed

10 Add the income, if any, on lines 1a and 2a and enter the total	10	9,036
11 Total losses allowed from all passive activities for 2000. Add lines 9 and 10. See page 11 to find out how to report the losses on your tax return	11	9,036

For Paperwork Reduction Act Notice, see page 12 of the instructions.

Form **8582** (2000)

Form **8582**

ALTERNATIVE MINIMUM TAX
Passive Activity Loss Limitations

OMB No. 1545-1008

2000Attachment
Sequence No. **88**

Identifying number

545-13-6755Department of the Treasury
Internal Revenue Service
File(s) shown on return

▶ See separate instructions.

▶ Attach to Form 1040 or Form 1041.

THOMAS J. GONZALES**Part I 2000 Passive Activity Loss**

Caution: See the instructions for Worksheets 1 and 2 on page 8 before completing Part I.

Rental Real Estate Activities With Active Participation (For the definition of active participation see **Active Participation in a Rental Real Estate Activity** on page 4 of the instructions.)

1a Activities with net income (enter the amount from Worksheet 1, column (a))	1a	
b Activities with net loss (enter the amount from Worksheet 1, column (b))	1b	()
c Prior year unallowed losses (enter the amount from Worksheet 1, column (c))	1c	()
d Combine lines 1a, 1b, and 1c	1d	

All Other Passive Activities

2a Activities with net income (enter the amount from Worksheet 2, column (a))	2a	9,186
b Activities with net loss (enter the amount from Worksheet 2, column (b))	2b	(1,417,961)
c Prior year unallowed losses (enter the amount from Worksheet 2, column (c))	2c	()
d Combine lines 2a, 2b, and 2c	2d	-1,408,775

3 Combine lines 1d and 2d. If the result is net income or zero, all losses are allowed, including any prior year unallowed losses entered on line 1c or 2c. Do not complete Form 8582. Report the losses on the forms and schedules normally used. If this line and line 1d are losses, go to Part II. Otherwise, enter -0- on line 9 and go to line 10	3	-1,408,775
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Part II Special Allowance for Rental Real Estate With Active Participation

Note: Enter all numbers in Part II as positive amounts. See page 8 for examples.

Note: If your filing status is married filing separately and you lived with your spouse at any time during the year, do not complete Part II. Instead, enter -0- on line 9 and go to line 10.

4 Enter the smaller of the loss on line 1d or the loss on line 3	4	
5 Enter \$150,000. If married filing separately, see page 8	5	
6 Enter modified adjusted gross income, but not less than zero (see page 8)	6	
Note: If line 6 is greater than or equal to line 5, skip lines 7 and 8, enter -0- on line 9, and go to line 10. Otherwise, go to line 7.		
7 Subtract line 6 from line 5	7	
8 Multiply line 7 by 50% (.5). Do not enter more than \$25,000. If married filing separately, see page 9	8	
9 Enter the smaller of line 4 or line 8	9	

Part III Total Losses Allowed

10 Add the income, if any, on lines 1a and 2a and enter the total	10	9,186
11 Total losses allowed from all passive activities for 2000. Add lines 9 and 10. See page 11 to find out how to report the losses on your tax return	11	9,186

For Paperwork Reduction Act Notice, see page 12 of the instructions.

Form **8582** (2000)

2000

FEDERAL STATEMENTS

PAGE 1

THOMAS J. GONZALES

545-13-6755

STATEMENT 1
FORM 1040
WAGE SCHEDULE

TAXPAYER - EMPLOYER	WAGES	FEDERAL W/H	FICA	MEDI- CARE	STATE W/H	SDI
COMMERCE ONE INC	207,545	57,307	4,724	3,110	15,613	232
GRAND TOTAL	<u>207,545</u>	<u>57,307</u>	<u>4,724</u>	<u>3,110</u>	<u>15,613</u>	<u>232</u>

STATEMENT 2
FORM 1040, LINE 21
OTHER INCOME

GROSS INCOME ADJ - TGIC	\$	-100,000
SCH E ADJ		721
TOTAL \$		<u>-99,279</u>

STATEMENT 3
SCHEDULE A, LINE 12
DEDUCTIBLE POINTS

AMORTIZATION	\$	141
TOTAL \$		<u>141</u>

STATEMENT 4
SCHEDULE A, LINE 15
CONTRIBUTIONS BY CASH OR CHECK

VARIOUS	\$	1,000
CHARITABLE CONTRIBUTIONS FROM K-1		10,000
TOTAL \$		<u>11,000</u>

AS ORIGINALLY FILED

FEDERAL STATEMENTS

AGE 2

THOMAS J. GONZALES

545-13-6755

**STATEMENT 5
SCHEDULE E, PAGE 2
PART II - INCOME OR LOSS FROM PARTNERSHIPS AND S CORPORATIONS**

NAME	TYPE	X IF FOREIGN	EMPLOYER I.D. NO.	ALL INVEST. AT RISK	SOME INVEST. AT RISK	PTP	PASSIVE	PASSIVE	NONPASSIVE LOSS FROM SCH. K-1	SECTION 179 DEDUCTION	NONPASSIVE INCOME FROM K-1
							LOSS FROM FORM 8582	INC. FROM SCH. K-1			
BIRCH VENTURES LLC	P		94-3357929								
BLACKSTONE REALTY INVESTORS, LLC	P		88-0436192	X		\$ 708					
STERRA STAR LEASING, LLC	P		68-0408214								
BLACKSTONE TECHNOLOGY PARTNERS LLC	P		88-0427704								
MILLENNIUM 12, LLC	P		88-0486354								
MILLENNIUM 7, LLC	P		88-0486351								
SHAMWARI HELIO, LLC	P		88-0486356								
SHAMWARI MOTOR YACHT LTD	P		98-0340046								
NEW WORLD, LLC	P		88-0469787	X		811					
MACH ONE AVIATION, LLC	P		91-2079523	X				\$ 919,016			
THOMAS J. GONZALES INVESTMENT CORP	S		22-3771171				\$ 721				
SEC 988 GAINS	S		22-3771171				8,315				
CLIFFSIDE ENTERTAINMENT, INC.	S		94-3371704	X			7,517				
TOTAL \$							9,036	\$ 9,036	\$ 919,016	\$ 0	\$ 0

AS ORIGINALLY FILED

2000

FORM 8582 WORKSHEETS

PAGE 1

THOMAS J. GONZALES

545-13-6755

WORKSHEET 2 FOR LINES 2A, 2B, AND 2C

NAME OF ACTIVITY	CURR. YR. NET INCOME LINE 2A	CURR. YR. NET LOSS LINE 2B	PRIOR YR. UNALLOWED LOSS 2C	OVERALL GAIN	OVERALL LOSS
BLACKSTONE REALTY INVESTO NEW WORLD, LLC		\$ 112,319 128,577			\$ 112,319 128,577
THOMAS J. GONZALES INVEST \$ 9,036 CLIFFSIDE ENTERTAINMENT,		1,192,452		\$ 9,036	1,192,452
	<u>\$ 9,036</u>	<u>\$ 1433348</u>	<u>\$ 0</u>	<u>\$ 9,036</u>	<u>\$ 1433348</u>

WORKSHEET 4 - ALLOCATION OF UNALLOWED LOSSES

NAME OF ACTIVITY	FORM OR SCH TO BE REPORTED ON	LOSS	RATIO	UNALLOWED LOSS
BLACKSTONE REALTY INVESTO NEW WORLD, LLC	SCHEDULE E P2 SCHEDULE E P2	\$ 112,319 128,577	0.0784 0.0897	\$ 111,611 127,766
CLIFFSIDE ENTERTAINMENT,	SCHEDULE E P2	1,192,452	0.8319	1,184,935
		<u>\$ 1433348</u>	<u>1.0000</u>	<u>\$ 1424312</u>

WORKSHEET 5 - ALLOWED LOSSES

NAME OF ACTIVITY	FORM OR SCH TO BE REPORTED ON	LOSS	UNALLOWED LOSS	ALLOWED LOSS
BLACKSTONE REALTY INVESTO NEW WORLD, LLC	SCHEDULE E P2 SCHEDULE E P2	\$ 112,319 128,577	\$ 111,611 127,766	\$ 708 811
CLIFFSIDE ENTERTAINMENT,	SCHEDULE E P2	1,192,452	1,184,935	7,517
		<u>\$ 1433348</u>	<u>\$ 1424312</u>	<u>\$ 9,036</u>

AS ORIGINALLY FILED

2000 FORM 8582 WORKSHEETS - ALTERNATIVE MINIMUM TAX PAGE 1**THOMAS J. GONZALES****545-13-6755****WORKSHEET 2 FOR LINES 2A, 2B, AND 2C**

NAME OF ACTIVITY	CURR. YR. NET INCOME LINE 2A	CURR. YR. NET LOSS LINE 2B	PRIOR YR. UNALLOWED LOSS 2C	OVERALL GAIN	OVERALL LOSS
BLACKSTONE REALTY INVESTO		\$ 112,097			\$ 112,097
BLACKSTONE TECHNOLOGY PAR	\$ 13			\$ 13	
MILLENIUM 12, LLC	137			137	
NEW WORLD, LLC		128,577			128,577
THOMAS J. GONZALES INVEST	9,036			9,036	
CLIFFSIDE ENTERTAINMENT,		1,177,287			1,177,287
	<u>\$ 9,186</u>	<u>\$ 1417961</u>	<u>\$ 0</u>	<u>\$ 9,186</u>	<u>\$ 1417961</u>

WORKSHEET 4 - ALLOCATION OF UNALLOWED LOSSES

NAME OF ACTIVITY	FORM OR SCH TO BE REPORTED ON	LOSS	RATIO	UNALLOWED LOSS
BLACKSTONE REALTY INVESTO	SCHEDULE E P2	\$ 112,097	0.0791	\$ 111,371
NEW WORLD, LLC	SCHEDULE E P2	128,577	0.0907	127,744
CLIFFSIDE ENTERTAINMENT,	SCHEDULE E P2	1,177,287	0.8303	1,169,660
		<u>\$ 1417961</u>	<u>1.0001</u>	<u>\$ 1408775</u>

WORKSHEET 5 - ALLOWED LOSSES

NAME OF ACTIVITY	FORM OR SCH TO BE REPORTED ON	LOSS	UNALLOWED LOSS	ALLOWED LOSS
BLACKSTONE REALTY INVESTO	SCHEDULE E P2	\$ 112,097	\$ 111,371	\$ 726
NEW WORLD, LLC	SCHEDULE E P2	128,577	127,744	833
CLIFFSIDE ENTERTAINMENT,	SCHEDULE E P2	1,177,287	1,169,660	7,627
		<u>\$ 1417961</u>	<u>\$ 1408775</u>	<u>\$ 9,186</u>

AMT WORKSHEET - PASSIVE ACTIVITY ADJUSTMENT TO FORM 6251, LINE 11**AS ORIGINALLY FILED**

NAME OF ACTIVITY	FORM OR SCH TO BE REPORTED ON	GAIN OR LOSS	AMT GAIN OR LOSS
BIRCH VENTURES LLC	SCHEDULE E P2	\$ 0	\$ 0
BLACKSTONE REALTY INVESTO	SCHEDULE E P2	-708	-726
SIERRA STAR LEASING, LLC	SCHEDULE E P2	0	0
BLACKSTONE TECHNOLOGY PAR	SCHEDULE E P2	0	13
MILLENIUM 12, LLC	SCHEDULE E P2	0	137

2000 FORM 8582 WORKSHEETS - ALTERNATIVE MINIMUM TAX PAGE 2

THOMAS J. GONZALES

545-13-6755

(CONTINUED)

AMT WORKSHEET - PASSIVE ACTIVITY ADJUSTMENT TO FORM 6251, LINE 11

NAME OF ACTIVITY	FORM OR SCH TO BE REPORTED ON	GAIN OR LOSS	AMT GAIN OR LOSS
MILLENIUM 7, LLC	SCHEDULE E P2	\$ 0	\$ 0
SHAMWARI HELIO, LLC	SCHEDULE E P2	0	0
SHAMWARI MOTOR YACHT LTD	SCHEDULE E P2	0	0
NEW WORLD, LLC	SCHEDULE E P2	-811	-833
THOMAS J. GONZALES INVEST	SCHEDULE E P2	9,036	9,036
CLIFFSIDE ENTERTAINMENT,	SCHEDULE E P2	-7,517	-7,627
		<u>\$ 0</u>	<u>\$ 0</u>
			<u>\$ 0</u>

AS ORIGINALLY FILED

12/31/06

2000 FEDERAL DEPRECIATION SCHEDULE

AGE 1

THOMAS J. GONZALES

545-13-6755

NO.	DESCRIPTION	DATE ACQUIRED	DATE SOLD	COST/ BASIS	BUS. PCT.	PRIOR 179 BONUS	PRIOR DEC. BAL. DEPR.	BASIS REDUCTN	SALVAGE VALUE	DEPR. BASIS	PRIOR DEPR.	METHOD	LIFE	RATE	CURRENT DEPR.
SCHEDULE A (POINTS)															
AMORTIZATION															
1	POINTS	11/16/98		4,220		0	0	0	0	4,220	153	S/L	30		141
	TOTAL AMORTIZATION			4,220						4,220	153				141
	TOTAL DEPRECIATION			0		0	0	0	0	0	0				0
	GRAND TOTAL AMORTIZATION			4,220		0	0	0	0	4,220	153				141
	GRAND TOTAL DEPRECIATION			0		0	0	0	0	0	0				0

AS ORIGINALLY FILED

12/31/00

2000 FEDERAL ALTERNATIVE MINIMUM TAX DEPRECIATION SCHEDULE

PAGE 1

545-13-6755

THOMAS J. GONZALES

NO.	DESCRIPTION	DATE ACQUIRED	DATE SOLD	AMT BASIS	AMT PRIOR DEPR.	AMT METHOD LIFE	AMT RATE	AMT DEPR.	REG. DEPR.	OWNR. PCT.	POST-86 DEPR ADJ.	REAL PROP PREF.	LEAS PROP	PERS PREF
	TOTAL			0	0			0	0		0	0	0	0
	TOTAL DEPRECIATION			0	0			0	0		0	0	0	0
	GRAND TOTAL DEPRECIATION			0	0			0	0		0	0	0	0

AS ORIGINALLY FILED

Exhibit 2

Internal Revenue Service
1301 Clay Street, Suite 895S, Oakland, CA 94612

Department of the Treasury

Date: **JUN 11 2008**

Thomas J. Gonzales (dec'd)
Thomas J. Gonzales II, Administrator
134 Lakes Blvd
Dayton, NV 89403-8804

Taxpayer Identification Number:

545-13-6755

Form:

1040

Document Locator Number:

Tax Period(s) Ended:

Dec. 31, 2000

Amount Claimed:

\$31,478,202

Date Claim Received:

08/10/2007

Person to Contact:

Paul Doerr

Telephone Number:

(916) 974-5568

Employee Identification Number

68-11438

Refer Reply to:

Dear Thomas J. Gonzales II, Administrator:

We have allowed part of your claim for an adjustment to your tax for the period shown above. We are sorry, but we cannot allow the entire claim for the reason stated below. This letter is your legal notice that we have partially disallowed your claim.

If you wish to bring suit or proceedings for the recovery of any tax, penalties, or other moneys for which this disallowance notice is issued, you may do so by filing suit with the United States District Court having jurisdiction, or the United States Claims Court. The law permits you to do this within 2 years from the mailing date of this letter. However, if you signed a waiver of *Statutory Notification of Claim Disallowance*, Form 2297, the period for bringing suit began to run on the date you filed the waiver.

We have enclosed Publication 1, *Your Rights as a Taxpayer*, Publication 5, *Your Appeal Rights and How to Prepare a Protest If You Don't Agree*, and Publication 556, *Examination of Returns, Appeal Rights, and Claims for Refund*, for your information.

If you have any questions, please contact the person whose name and telephone number are shown in the heading of this letter. Thank you for your cooperation.

Sincerely yours,

Susan G. Braunz

Susan G. Braunz

Technical Services Territory Manager

Enclosures:

Publication 1

Publication 5

Publication 556

Reasons for partial disallowance:

☒ Explained in report of examination previously furnished you.

☐

Corrected Report

Form **4549-A**
(Rev. March 2005)Department of the Treasury-Internal Revenue Service
Income Tax Discrepancy AdjustmentsPage 1 of 2

Name and Address of Taxpayer

Thomas J Gonzales
134 Lakes Blvd
Dayton NV 89403

Taxpayer Identification Number

545-13-6755

Return Form No.:

1040

Person with whom
examination
changes were
discussed.

Name and Title:

Martin A Schainbaum

1. Adjustments to Income		Period End 12/31/2000	Period End	Period End
a.				
b.				
c.				
d.				
e.				
f.				
g.				
h.				
i.				
j.				
k.				
l.				
m.				
n.				
o.				
p.				
2. Total Adjustments		0.00		
3. Taxable Income Per Return or as Previously Adjusted		131,541,313.00		
4. Corrected Taxable Income		131,541,313.00		
Tax Method		SCHEDULE D		
Filing Status		Single		
5. Tax		26,406,046.00		
6. Additional Taxes / Alternative Minimum				
7. Corrected Tax Liability		26,406,046.00		
8. Less				
a.				
Credits	b.			
c.				
d.				
9. Balance (Line 7 less total of Lines 8a thru 8d)		26,406,046.00		
10. Plus				
Other	a.			
Taxes	b.			
c.				
d.				
11. Total Corrected Tax Liability (Line 9 plus Lines 10a thru 10d)		26,406,046.00		
12. Total Tax Shown on Return or as Previously Adjusted		26,406,046.00		
13. Adjustments to:				
a.				
b.				
c.				
14. Deficiency-Increase in Tax or (Overassessment - Decrease in Tax) (Line 11 less Line 12 adjusted by Lines 13a thru 13d)		0.00		
15. Adjustments to Prepayment Credits-Increase (Decrease)				
16. Balance Due or (Overpayment) - (Line 14 adjusted by Line 15) (Excluding interest and penalties)		0.00		

Corrected Report

Form **4549-A**
(Rev. March 2005)

Department of the Treasury-Internal Revenue Service

Income Tax Discrepancy AdjustmentsPage 2 of 2Name of Taxpayer
Thomas J GonzalesTaxpayer Identification Number
545-13-6755Return Form No.:
1040

17. Penalties/ Code Sections	Period End 12/31/2000	Period End	Period End
a. Accuracy-IRC 6662	(5,246,367.00)		
b.			
c.			
d.			
e.			
f.			
g.			
h.			
i.			
j.			
k.			
l.			
m.			
n.			
18. Total Penalties	(5,246,367.00)		
Underreporter attributable to negligence: (1981-1987) A tax addition of 50 percent of the interest due on the underpayment will accrue until it is paid or assessed.			
Underreporter attributable to fraud: (1981-1987) A tax addition of 50 percent of the interest due on the underpayment will accrue until it is paid or assessed.			
Underreporter attributable to Tax Motivated Transactions (TMT). Interest will accrue and be assessed at 120% of underpayment rate in accordance with IRC 6621(c).	0.00		
19. Summary of Taxes, Penalties and Interest:			
a. Balance due or (Overpayment) Taxes - (Line 16, Page 1)	0.00		
b. Penalties (Line 18) - computed to 05/27/2008	(5,246,367.00)		
c. Interest (IRC § 6601) - computed to 06/26/2008	0.00		
d. TMT Interest - computed to 06/26/2008 (on TMT underpayment)	0.00		
e. Amount due or refund - (sum of Lines a, b, c and d)	(5,246,367.00)		

Other Information:

On 08/10/2007 you filed claim for 843, 1040X, 1120X or an informal claim for a refund of \$31,478,202 for tax year 2000.

"As the result of our examination, we allowed your claim in part, as shown in this report"

This Report Supersedes the Report Issued 4/29/2008

Examiner's Signature: Name	Employee ID: 94-06474	Office: CALIFORNIA	Date: 05/27/2008
QMS Reviewer			

The Internal Revenue Service has agreements with state tax agencies under which information about federal tax, including increases or decreases, is exchanged with the states. If this change affects the amount of your state income tax, you should amend your state return by filing the necessary forms.

You may be subject to backup withholding if you underreport your interest, dividend, or patronage dividend income you earned and do not pay the required tax. The IRS may order backup withholding (withholding of a percentage of your dividend and/or interest payments) if the tax remains unpaid after it has been assessed and four notices have been issued to you over a 120-day period.

Name of Taxpayer: Thomas J Gonzales

Identification Number: 545-13-6755

Total

05/27/2008

9.20.00

2000 - FORM 6251 - ALTERNATIVE MINIMUM TAX COMPUTATION

1. Total Adjustments and Preferences	34,345.00
2. Tax Table Income (from Form 1040, line 37)	131,541,313.00
3. Net Operating Loss Deduction	0.00
4. Itemized Deduction Limitation (from Schedule A Worksheet)	(\$36,389.00)
5. Combine lines 1 through 4	131,539,269.00
6. Alternative Tax Net Operating Loss Deduction	0.00
7. Alternative Minimum Taxable Income	131,539,269.00
8. Exemption Amount	0.00
9. Subtract line 8 from line 7 (if 0 or less, enter 0)	131,539,269.00
10. If line 9 is \$175,000 or less (\$87,500 or less if married filing separate) multiply line 9 by 26%	26,353,216.00
11. Alternative Minimum Tax Foreign Tax Credit	0.00
12. Tentative Minimum Tax (Subtract 11 from 10)	26,353,216.00
13. Regular Tax Before Credits (less Foreign Tax Credit)	26,406,046.00
14. Alternative Minimum Tax (before credit)	0.00
15. Empowerment Zone Employment Credit	0.00
16. Net Alternative Minimum Tax (line 14 less line 15)	0.00

EXEMPTION WORKSHEET (Line 8)

A. Exemption amount based on filing status	33,750.00
B. Alternative Minimum Taxable Income (line 7)	131,539,269.00
C. Enter \$112,500 (\$150,000 if married filing jointly or qualifying widow(er), \$75,000 if married filing separate)	112,500.00
D. Subtract line C from line B	131,426,769.00
E. Multiply line D by 25%	32,856,692.00
F. Subtract line E from line A (if zero or less, enter 0)	0.00

Name of Taxpayer: Thomas J Gonzales

Identification Number: 545-13-6755

Total

05/27/2008

9.20.00

2000

**- FORM 6251 - CONTINUATION, USING MAXIMUM CAPITAL GAINS RATES
COMPUTATION OF LINE 10 WHEN SCHEDULE D IS COMPLETED**

1. Amount from Form 6251 Report, line 9	131,539,269.00
2. Amount from Schedule D Report, line 22 (refigured for AMT)	130,928,487.00
3. Amount from Schedule D Report, line 20 (refigured for AMT)	0.00
4. Add line 2 and 3	130,928,487.00
5. Amount from Schedule D Report, line 17 (refigured for AMT)	130,928,487.00
6. Smaller of line 4 or line 5	130,928,487.00
7. Subtract line 6 from line 1	610,782.00
8. If line 7 is \$175,000 or less (\$87,500 if MFS) multiply line 7 by 26%. Otherwise, multiply line 7 by 28% and subtract \$3,500 (\$1,750 if MFS) from result	167,519.00
9. Amount from Schedule D Report, line 31	0.00
10. Smallest of line 1, 2, or line 9	0.00
11. Multiply line 10 by 10%	0.00
12. Smaller of line 1 or line 2	130,928,487.00
13. Amount from line 10	0.00
14. Subtract line 13 from line 12 (not less than 0)	130,928,487.00
15. Multiply line 14 by 20%	26,185,697.00
16. Amount from line 1	131,539,269.00
17. Add lines 7, 10, and 14	131,539,269.00
18. Subtract line 17 from line 16	0.00
19. Multiply line 18 by 25%	0.00
20. Add lines 8, 11, 15, and 19	26,353,216.00
21. If line 1 is \$175,000 or less (\$87,500 if MFS) multiply line 1 by 26%. Otherwise, multiply line 1 by 28% and subtract \$3,500 (\$1,750 if MFS) from result	36,827,495.00
22. Smaller of line 20 or 21, enter here and on line 10 of Form 6251 Report	26,353,216.00

Name of Taxpayer: Thomas J Gonzales
 Identification Number: 545-13-6755

Total

05/27/2008
 9.20.00

2000 - **SCHEDULE D - CAPITAL GAINS AND LOSSES**

1. Short-term capital gain or loss	
2. Short-term capital loss carryover	(1,593,009.00)
3. Net Short-term Gain or Loss (Add line 1 and 2)	0.00
4. Long-term capital gain or loss	(1,593,009.00)
5. Long-term capital gain or loss carryover	132,521,496.00
6. Net long-term Gain or Loss (Add line 4 and 5)	0.00
7. Sum of lines 3 and 6 - Net Capital Gain or Loss	132,521,496.00
8. Capital loss limitation	130,928,487.00
9. Capital Gain or Loss - As Corrected	0.00
10. Capital Gain or Loss - Per Return	130,928,487.00
11. Line 9 less line 10 - Adjustment to Income	130,928,487.00
	0.00

CORRECTED CARRYOVER

12. Short-term Carryover to Subsequent Year	0.00
13. Long-term Carryover to Subsequent Year	0.00

COMPUTATION OF ALTERNATE TAX

14. Taxable Income	131,541,313.00
15. Smaller of line 6 or line 7	130,928,487.00
16. Form 4952, line 4e	0.00
17. Subtract line 16 from line 15	130,928,487.00
18. Combine line 3 and Total 28% Rate Gain (not less than 0)	0.00
19. Smaller of line 18 and Total 28% Rate Gain	0.00
20. Unrecaptured Section 1250 Gain	0.00
21. Add line 19 and 20	0.00
22. Subtract line 21 from line 17 (not less than 0)	130,928,487.00
23. Subtract line 22 from line 14 (not less than 0)	612,826.00
24. Smaller of line 14 or 26,250.00	26,250.00
25. Smaller of line 23 or line 24	26,250.00
26. Subtract line 17 from line 14 (not less than 0)	612,826.00
27. Larger of line 25 or line 26	612,826.00
28. Tax on amount on line 27	612,826.00
29. Amount from line 24	220,349.00
30. Amount from line 23	26,250.00
31. Subtract line 30 from line 29 (not less than 0)	612,826.00
32. Multiply line 31 by 10%	0.00
33. Smaller of line 14 or line 22	0.00
34. Amount from line 31	130,928,487.00
35. Subtract line 34 from line 33 (not less than 0)	0.00
36. Multiply line 35 by 20%	130,928,487.00
37. Smaller of line 17 or line 20	26,185,697.00
38. Add lines 17 and 27	0.00
39. Amount from line 14	131,541,313.00
40. Subtract line 39 from line 38	131,541,313.00
41. Subtract line 40 from line 37	0.00
42. Multiply line 41 by 25%	0.00
43. Amount from line 14	0.00
44. Add lines 27, 31, 35, and 41	131,541,313.00
45. Subtract line 44 from line 43	131,541,313.00
46. Multiply line 45 by 28%	0.00
47. Add lines 28, 32, 36, 42, and 46 - Alternative Tax	0.00
	26,406,046.00

Exhibit 3

Internal Revenue Service

1301 Clay Street, Suite 895S, Oakland, CA 94612

Department of the Treasury

RECEIVED

JUN 12 2008

MARTIN A. SCHAINBAUM
APLC

Date:

JUN 11 2008

Thomas J. Gonzales (dec'd)
Thomas J. Gonzales II, Administrator
134 Lakes Blvd
Dayton, NV 89403-8804

Taxpayer Identification Number:

545-13-6755

Kind of Tax:

Income

Tax Period(s) Ended

December 31, 2000

Amount of Claim:

\$166,198

Date Claim Received:

08/20/2007

Person to Contact:

Paul Doerr

Contact Telephone Number:

(916) 974-5568

Employee Identification Number:

68-11438

Dear Thomas J. Gonzales II, Administrator:

We are sorry, but we cannot allow your claim for an adjustment to your tax, for the reasons stated below. This letter is your legal notice that we have fully disallowed your claim.

If you wish to bring suit or proceedings for the recovery of any tax, penalties, or other moneys for which this disallowance notice is issued, you may do so by filing suit with the United States District Court having jurisdiction, or the United States Claims Court. The law permits you to do this within 2 years from the mailing date of this letter. However, if you signed a *Waiver of Statutory Notification of Claim Disallowance*, Form 2297, the period for bringing suit began to run on the date you filed the waiver.

We have enclosed Publication 5, *Your Appeal Rights and How to Prepare a Protest If You Don't Agree*, and Publication 594, *The IRS Collection Process*, if additional tax is due.

(over)

Letter 906 (DO) (Rev. 6-2000)
Cat. No. 14978B

If you have any questions, please contact the person whose name and telephone number are shown in the heading of this letter. Thank you for your cooperation.

Sincerely yours,

Susan G. Braunz

Susan G. Braunz

Technical Services Territory Manager

Enclosures:

Publication 5

☒ Publication 594

Reasons for disallowance:

We have disallowed your claim because it was determined that you were not entitled to a capital loss for taxable year 2000. See examination report previously furnished to you.

1 Martin A. Schainbaum, SBN 37257
2 Bryant W. H. Smith, SBN 250035
3 MARTIN A. SCHAINBAUM
4 A Professional Law Corporation
5 351 California Street, Suite 800
6 San Francisco, CA 94104
7 Telephone: (415) 777-1040
8 Facsimile: (415) 981-1065
9 E-Mail: schainbm@taxwarrior.com

10 Attorneys for Plaintiff
11 Tom Gonzales

12 UNITED STATES DISTRICT COURT
13 FOR THE NORTHERN DISTRICT OF CALIFORNIA
14 SAN FRANCISCO DIVISION

)	Case No.
)	
14 TOM GONZALES, as Personal)	PROOF OF SERVICE
15 Representative for the Estate of Thomas J.)	
16 Gonzales, II,)	
)	
16 Plaintiff,)	
17 v.)	
)	
18 UNITED STATES OF AMERICA, the)	
19 DEPARTMENT OF TREASURY by its)	
20 agency, INTERNAL REVENUE)	
SERVICE,)	
)	
21 Defendant.)	
)	

1 **PROOF OF SERVICE**

2 I am over eighteen years of age and not a party to the above action. My business address
3 is 351 California Street, Suite 800, San Francisco, CA 94104-2406.

4 On July 2, 2008, I personally served a true copy of:
5

6
7
8 **COMPLAINT AND DEMAND FOR JURY TRIAL;**

9 on the interested parties named below, via Federal Express overnight delivery, addressed as
10 follows:
11

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Dated: July 2, 2008


CHERYL M. WONG